

# FOIA MARKER

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**Folder Title:**  
Housing Vouchers - FY 2001 [2]

|               |             |                 |               |                  |
|---------------|-------------|-----------------|---------------|------------------|
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| <b>S</b>      | <b>95</b>   | <b>3</b>        | <b>5</b>      | <b>1</b>         |

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP  
cc: Cynthia A. Rice/OPD/EOP@EOP, Paul J. Weinstein Jr./OPD/EOP@EOP  
Subject: housing vouchers

Right now, OMB has approved 100,000 vouchers, of which 18,000 are for homeless. HUD opposes any vouchers designated for Welfare-to-Work. HUD is also now asking for another 20,000 related to the Low Income Housing Tax Credit, but it sounds like OMB can fight that battle.

In terms of adding new vouchers tied to bold goals, the message we're getting from HUD is Cuomo strongly supports more vouchers, but opposes targeting for a particular population or allocating them in any way other than a 'fair share' formula to housing authorities to help them address their waiting lists. He might be willing to accept a rhetorical goal that involved no actual targeting or policy changes (though Jacque hasn't been able to check with him because he's ill).

Nevertheless, we asked HUD to tell us what goal they could accomplish with a certain number of vouchers over a 5 year period. HUD staff have shared one 'unofficial' option that does not yet have the Secretary's blessing. **With 180,000 more vouchers each year for 5 years we could give vouchers to all the most hard-pressed working families with children under 12.** These would be distributed to housing authorities on a formula to be used only for the target population. Families living in public housing who met the target criteria would also be eligible. HUD also thinks it makes good policy and politics to also propose 20,000 vouchers a year for the disabled with worst case housing needs (pay more than 50% of income for rent or live in substandard housing). This makes a total of 200,000 new vouchers a year, on top of the 120,000 'fair share', homeless, and LTC vouchers. **The '01 cost for 300,000 is \$1.7 B in '01 (though outlays are much lower), and the 5 year cost for 1.5 B vouchers is \$27 B!**

We think this is a decent way to both talk about and target a significant investment in new vouchers. OMB agrees, but does not think we can handle out year costs of this magnitude. One way to slice costs roughly in half is to on families with kids under 6. The proposed target population (defined as working families with children with income below 30% of area median, with earnings equivalent to half-time at minimum wage--roughly \$5,000) includes many families moving from welfare to work, so we could meet the spirit of the WTW vouchers without the competitive process that the Hill didn't like.

#### Helping people escape public housing:

HUD opposes targeting new vouchers for the explicit purpose of helping families escape public housing. OMB also says this will be a very tough sell to housing authorities, and therefore on the Hill. The good news is there are some other significant initiatives in the HUD budget to speed up efforts to get rid of the worst public housing. Families moving out of these places can get vouchers and they don't count against our incremental number, so we can generally say our budget is both helping people move out of the worst projects and helping more hard-pressed working families.

12/16/99 06:51:29 PM



Michael Deich  
12/16/99 06:51:29 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:

Subject: Re: pls review and score these voucher options 

p.s. for what it's worth, my own sense is that it would be phenomenally difficult to find money for a voucher program anywhere near this magnitude: although the initial year costs could be absorbed, the outyears (where we'll continue to face limited surplus funds) will eat us alive.

Francis S. Redburn

12/16/99 06:40:33

PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: Re: pls review and score these voucher options 

I agree that this is a sensible group to target if resources are sufficient to sustain that many incremental vouchers.

Note that the character of the program changes dramatically as we begin to saturate the target population -- there are no long waits for assistance, so that it becomes a more timely aid in moving or stabilizing a family. On the other hand, we have to be very careful not to make it possible for people to qualify who are suffering a temporary drop in income, are students, etc. This is especially true because the voucher is so valuable, open-ended as long as reported income is low, and not conditioned on meeting some difficult behavioral test as in TANF. We also have to ensure that the geographic allocation is closely matched to the distribution of need and/or have a means to reallocate to preserve balance between demand and supply. These are new administrative issues.

Message Copied To:

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Michael Deich  
12/16/99 07:07:52 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:

Subject: Re: pls review and score these voucher options 

we're at 100k vouchers. hud opposes any wtw vouchers. hud wants to justify the extra 20k as related to their construction program; it's silly, but there you are.

# DISCUSSION AND ANALYSIS OF OPERATIONS

## Total Number of Housing Units Eligible for HUD Assistance During the Last Five Fiscal Years

| Program                                                                                       | 1994             | 1995             | 1996             | 1997             | 1998             |
|-----------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>HUD's Major Assistance Programs</b>                                                        |                  |                  |                  |                  |                  |
| Section 8 Lower Income Rental Assistance Program:                                             |                  |                  |                  |                  |                  |
| Tenant-based Assistance                                                                       | 1,477,942        | 1,397,747        | 1,451,397        | 1,460,899        | 1,605,898        |
| Project-based Assistance                                                                      | 1,448,017        | 1,513,945        | 1,506,765        | 1,482,735        | 1,395,037        |
| Total Section 8                                                                               | 2,925,959        | 2,911,692        | 2,958,162        | 2,943,634        | 3,000,935        |
| Public Housing Programs                                                                       | 1,409,455        | 1,397,205        | 1,388,746        | 1,372,260        | 1,295,437        |
|                                                                                               | 4,335,414        | 4,308,897        | 4,346,908        | 4,315,894        | 4,296,372        |
| <b>Other Assistance Programs</b>                                                              |                  |                  |                  |                  |                  |
| Homeownership Assistance Program (Section 235)                                                | 80,365           | 76,092           | 68,473           | 60,810           | 52,713           |
| Rental Housing Assistance Program (Section 236)                                               | 504,966          | 508,353          | 505,305          | 494,121          | 476,451          |
| Rent Supplement                                                                               | 18,808           | 20,860           | 20,860           | 20,860           | 20,860           |
|                                                                                               | 604,139          | 605,305          | 594,638          | 575,791          | 550,024          |
| Less estimated number of households receiving more than one form of assistance (double count) | (190,140)        | (190,140)        | (190,140)        | (190,140)        | (190,140)        |
| <b>TOTAL</b>                                                                                  | <b>4,749,413</b> | <b>4,724,062</b> | <b>4,751,406</b> | <b>4,701,545</b> | <b>4,656,256</b> |

In public housing 45% of market rate  $\times$  1.3 m housing units in public housing  
 $\approx 6$  m

98 1.6 m sec 8 toward based  
 + 99 50K WTW  
 '00 60 sec 8 incremental  
 1.7

'01 increase of 120K = 7%

**Department of Housing and Urban Development****Number of Incremental Vouchers and Certificates**

|      | <u>President's Budget Request</u> | <u>Enacted</u> |
|------|-----------------------------------|----------------|
| 1991 | 55,927                            | 56,847         |
| 1992 | 78,680                            | 50,905         |
| 1993 | 82,699                            | 39,089         |
| 1994 | 44,904                            | 41,905         |
| 1995 | 70,000                            | 0              |
| 1996 | 50,000                            | 0              |
| 1997 | 50,000                            | 0              |
| 1998 | 50,000                            | 0              |
| 1999 | 60,655                            | 50,000         |
| 2000 | 100,000                           | 60,000         |
| 2001 | 100,000                           | n/a            |



U.S. Department of Housing and Urban Development

CC: CR

## OFFICE OF POLICY DEVELOPMENT AND RESEARCH

DATE 12/9/99NUMBER OF PAGES (including cover page) 2TO: Andrea Kane FROM: Kathy NelsonPHONE: 456-5573PHONE: 708-1520 x 5197FAX NUMBER: 456-7431NOTES: Attached is as much detail as I have "on the shelf" about <sup>worst case</sup> ~~working~~ families with children.Please call me if you have any questions.

She's re-running some numbers on Monday that cross tab-  
the different criteria. The attached lists each criteria  
separately.

The Telephone Number for this Fax machine is (202) 708-0309

Can we split at  
paying > 50%  
income vs. husband.

# Worst case families with children, 1997, selected characteristics

Can split at most are not in

## By income in relation to area median

|                                            | Very low income<br>Income < 50% median | Extremely low income<br>Income < 30% median |
|--------------------------------------------|----------------------------------------|---------------------------------------------|
| Households, thousands                      | 2,050                                  | 1,682                                       |
| Earnings main source of income             | 60.4%                                  | 55.7%                                       |
| Earned * \$3750* at least - most inclusive | 50.9%                                  | 43.9%                                       |
| at least \$7500                            | 37.2%                                  | 27.8%                                       |
| at least \$11250                           | 16.5%                                  | 6.6%                                        |
| AFDC/SSI income                            | 32.2%                                  | 35.7%                                       |
| Social Security income**                   | 5.7%                                   | 5.7%                                        |
| Income below poverty                       | 83.9%                                  | 94.4%                                       |
| Rate neighborhood poor - self-reported     | 13.4%                                  | 14.4%                                       |
| In central city                            | 52.5%                                  | 54.0%                                       |

Earnings main source is more  
of income: 60.4%  
less than 7.100  
= 1,238  
- 763  
475

WC97RPT  
9/3/1999  
p 66

WC97RPT  
9/3/1999  
p 72

## By metropolitan location

Very low income

|                                 | City  | Suburban  | Nonmetro |
|---------------------------------|-------|-----------|----------|
| Households, thousands           | 1,076 | 735       | 238      |
| Persons (total, per household)  | 4,078 | 3.8 2,670 | 3.6 865  |
| Children (total, per household) | 2,360 | 2.2 1,485 | 2.0 470  |
| Earnings main source of income  | 58%   | 624 63%   | 461 64%  |
| Earned > \$3750*                | 50%   | 534 57%   | 416 39%  |
| > \$7500                        | 38%   | 406 42%   | 310 19%  |
| > \$11250                       | 16%   | 174 20%   | 146 7%   |
| AFDC/SSI income                 | 36%   | 383 29%   | 216 25%  |
| Social Security income          | 6%    | 69 4%     | 28 9%    |
| Income below 30% median         | 84%   | 908 80%   | 586 79%  |
| Income below poverty            | 85%   | 914 77%   | 569 99%  |
| Rate neighborhood poor          | 18%   | 196 8%    | 60 8%    |
| Minority                        | 77%   | 826 53%   | 390 35%  |
| Female head                     | 64%   | 692 52%   | 385 61%  |

WC97RPT  
9/3/1999  
pp 112ff

Source: unpublished tabulations of the 1997 AHS, HUD/PD&R

\* Earnings of \$3750 and 7500 (in 1993 dollars) are equivalent to half-time or full-time work at the 1993 minimum wage.

\*\* Social Security income suggests that some member of the household is elderly or receiving survivor's benefits

11250 = 1/2 times '93 min wage  
adjusting to '97 doesn't make a big difference  
Since min wage change didn't kick in till 9/97.  
Still remain at current min wage.

A TELEFAX FROM

U.S. Department of Housing and Urban Development

THE OFFICE  
OF  
RESEARCH, EVALUATION, & MONITORING

DATE 12/10/99 TOTAL PAGES 1

**TO:** Andrea Kane

(Name)

SUBJECT: As of July 1999 there were  
1,155,000 occupied public housing units,  
of which 554,000 (48 percent) were families  
with children, and 1,396,000 Sec. 8 tenant  
based units, with 907,000 (65 percent) families  
with children.

Fax Tele. No.: 456-7431

Tele. No.: 456-5573

**FROM:**

Bob Gray, HUD-PD&R  
(per telephone conversation)

Fax No.: (202) 619-8360

Confirmation No.: 202-708-4504

**Table A-6****Housing Problems and Characteristics of  
Worst Case Renters by Household Type, 1995***by age of child  
" more common"*

|                                               | Total  | Elderly,<br>No<br>Children | Families<br>With<br>Children | Other<br>Families | Nonfamily<br>Reporting<br>SSI Income | Other<br>Non-<br>family |
|-----------------------------------------------|--------|----------------------------|------------------------------|-------------------|--------------------------------------|-------------------------|
| <i>all?</i> Total Households (Thousands)      | 5,380  | 1,088                      | 2,108                        | 352               | 227                                  | 1,566                   |
| As % of Very Low Income                       | 37%    | 32%                        | 32%                          | 34%               | 41%                                  | 49%                     |
| As % of Unassisted Very Low Income            | 49%    | 51%                        | 45%                          | 40%               | 63%                                  | 65%                     |
| Number of Children                            | 4,507  | 0                          | 4,507                        | 0                 | 0                                    | 0                       |
| Number of Persons                             | 12,448 | 1,335                      | 7,982                        | 807               | 254                                  | 2,066                   |
| Children/Household                            | 0.8    | 0                          | 2.1                          | 0                 | 0                                    | 0                       |
| Persons/Household                             | 2.3    | 1.3                        | 3.8                          | 2.3               | 1.1                                  | 1.3                     |
| <b>Number of Households With:</b>             |        |                            |                              |                   |                                      |                         |
| Severe Physical Problems                      | 401    | 66                         | 143                          | 14                | 41                                   | 137                     |
| Rent Burden > 50% Income                      | 5,069  | 1,017                      | 2,014                        | 344               | 208                                  | 1,475                   |
| Burden Only                                   | 4,181  | 950                        | 1,485                        | 293               | 158                                  | 1,316                   |
| Multiple Problems                             | 1,027  | 80                         | 614                          | 59                | 58                                   | 208                     |
| One Person in Household                       | 2,248  | 841                        | 0                            | 0                 | 200                                  | 1,208                   |
| Crowded                                       | 408    | 0                          | 589                          | 2                 | 0                                    | 18                      |
| Need More Bedrooms                            | 776    | 11                         | 640                          | 32                | 8                                    | 83                      |
| Female Head                                   | 3,048  | 748                        | 1,331                        | 119               | 117                                  | 734                     |
| Minority Head                                 | 2,435  | 278                        | 1,332                        | 187               | 108                                  | 526                     |
| AFDC/SSI Income                               | 1,335  | 112                        | 931                          | 83                | 227                                  | 0                       |
| Social Security Income                        | 1,383  | 954                        | 187                          | 81                | 30                                   | 130                     |
| Income Below Poverty                          | 3,607  | 803                        | 1,767                        | 245               | 197                                  | 826                     |
| Income <150% Poverty                          | 4,835  | 893                        | 2,046                        | 327               | 220                                  | 1,350                   |
| Income <30% Median                            | 3,897  | 787                        | 1,892                        | 252               | 201                                  | 1,065                   |
| High School Graduate                          | 3,812  | 578                        | 1,285                        | 287               | 134                                  | 1,350                   |
| Earnings at Minimum Wage:                     |        |                            |                              |                   |                                      |                         |
| At Least Half-Time                            | 2,170  | 70                         | 952                          | 164               | 22                                   | 963                     |
| At Least Full-Time                            | 1,404  | 22                         | 660                          | 116               | 6                                    | 598                     |
| Earnings Main Source of Income                | 2,521  | 78                         | 1,058                        | 193               | 33                                   | 1,165                   |
| Housing Rated Poor                            | 452    | 43                         | 235                          | 33                | 37                                   | 106                     |
| Neighborhood Rated Poor                       | 635    | 74                         | 305                          | 52                | 24                                   | 180                     |
| <b>Percent of Worst Case Households With:</b> |        |                            |                              |                   |                                      |                         |
| Severe Physical Problems                      | 8%     | 6%                         | 7%                           | 4%                | 18%                                  | 9%                      |
| Rent Burden > 50% Income                      | 95%    | 95%                        | 95%                          | 98%               | 91%                                  | 94%                     |
| Burden Only                                   | 78%    | 88%                        | 70%                          | 83%               | 68%                                  | 84%                     |
| Multiple Problems                             | 19%    | 8%                         | 29%                          | 17%               | 26%                                  | 13%                     |
| One Person in Household                       | 42%    | 70%                        | 0%                           | 0%                | 88%                                  | 77%                     |
| Crowded                                       | 8%     | 0%                         | 18%                          | 1%                | 0%                                   | 1%                      |
| Need More Bedrooms                            | 15%    | 1%                         | 30%                          | 9%                | 4%                                   | 5%                      |
| Female Head                                   | 57%    | 70%                        | 63%                          | 34%               | 51%                                  | 47%                     |
| Minority Head                                 | 46%    | 28%                        | 63%                          | 53%               | 47%                                  | 34%                     |
| AFDC/SSI Income                               | 25%    | 11%                        | 44%                          | 18%               | 100%                                 | 0%                      |
| Social Security Income                        | 26%    | 89%                        | 9%                           | 23%               | 13%                                  | 8%                      |
| Income Below Poverty                          | 69%    | 53%                        | 84%                          | 69%               | 87%                                  | 50%                     |
| Income <150% Poverty                          | 91%    | 84%                        | 97%                          | 93%               | 97%                                  | 88%                     |
| Income <30% Median                            | 73%    | 74%                        | 80%                          | 76%               | 88%                                  | 69%                     |
| High School Graduate                          | 68%    | 54%                        | 61%                          | 78%               | 58%                                  | 86%                     |
| Earnings at Minimum Wage:                     |        |                            |                              |                   |                                      |                         |
| At Least Half-Time                            | 41%    | 7%                         | 45%                          | 46%               | 10%                                  | 62%                     |
| At Least Full-Time                            | 26%    | 2%                         | 31%                          | 33%               | 2%                                   | 38%                     |
| Earnings Main Source of Income                | 47%    | 7%                         | 50%                          | 65%               | 14%                                  | 74%                     |
| Housing Rated Poor                            | 8%     | 4%                         | 11%                          | 9%                | 16%                                  | 7%                      |
| Neighborhood Rated Poor                       | 12%    | 7%                         | 15%                          | 15%               | 10%                                  | 11%                     |

Source: HUD-PD&amp;R tabulations of the 1995 American Housing Survey

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**Cost Estimates for Section 8 Tenant-Based Vouchers**  
(Actual dollars)

**Voucher cost per year**

|    | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| BA | 5,733       | 5,853       | 5,975       | 6,100       | 6,228       | 6,353       | 6,479       | 6,609       | 6,740       | 6,875       |

**Spread over 5 years -- 200,000 vouchers per year**

|                       | 2001                  | 2002          | 2003          | 2004          | 2005                 |
|-----------------------|-----------------------|---------------|---------------|---------------|----------------------|
| BA                    | 2001                  | 2002          | 2003          | 2004          | 2005                 |
| 2001                  | 1,146,600,000         | 1,170,600,000 | 1,195,000,000 | 1,220,000,000 | 1,245,600,000        |
| 2002                  | ---                   | 1,170,600,000 | 1,195,000,000 | 1,220,000,000 | 1,245,600,000        |
| 2003                  | ---                   | ---           | 1,195,000,000 | 1,220,000,000 | 1,245,600,000        |
| 2004                  | ---                   | ---           | ---           | 1,220,000,000 | 1,245,600,000        |
| 2005                  | ---                   | ---           | ---           | ---           | <u>1,245,600,000</u> |
| BA total              | 1,146,600,000         | 2,341,200,000 | 3,585,000,000 | 4,880,000,000 | 6,228,000,000        |
| BA total for 5 years: | <u>18,180,800,000</u> |               |               |               |                      |

|                       |                      |             |               |               |               |
|-----------------------|----------------------|-------------|---------------|---------------|---------------|
| OL total:             | 104,839,000          | 694,935,000 | 1,681,025,000 | 2,694,712,000 | 3,744,627,000 |
| OL total for 5 years: | <u>8,920,138,000</u> |             |               |               |               |

**Spread over 10 years -- 100,000 vouchers per year**

|                        | 2001           | 2002          | 2003          | 2004          | 2005               |
|------------------------|----------------|---------------|---------------|---------------|--------------------|
| BA                     | 2001           | 2002          | 2003          | 2004          | 2005               |
| 2001                   | 573,300,000    | 585,300,000   | 597,500,000   | 610,000,000   | 622,800,000        |
| 2002                   | ---            | 585,300,000   | 597,500,000   | 610,000,000   | 622,800,000        |
| 2003                   | ---            | ---           | 597,500,000   | 610,000,000   | 622,800,000        |
| 2004                   | ---            | ---           | ---           | 610,000,000   | 622,800,000        |
| 2005                   | ---            | ---           | ---           | ---           | <u>622,800,000</u> |
| BA total:              | 573,300,000    | 1,170,600,000 | 1,792,500,000 | 2,440,000,000 | 3,114,000,000      |
| BA total for 10 years: | 25,618,400,000 |               |               |               |                    |

|                        |                |             |             |               |               |
|------------------------|----------------|-------------|-------------|---------------|---------------|
| OL total:              | 52,420,000     | 347,467,000 | 840,512,000 | 1,347,356,000 | 1,872,313,000 |
| OL total for 10 years: | 22,013,290,000 |             |             |               |               |

Vouchers =

200,000 total over 5 yrs: 1,000,000

Vouchers =

100,000 total over 10 yrs: 1,000,000

| 2006               | 2007               | 2008               | 2009               | 2010               |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2006               | 2007               | 2008               | 2009               | 2010               |
| 635,300,000        | 647,900,000        | 660,900,000        | 674,000,000        | 687,500,000        |
| 635,300,000        | 647,900,000        | 660,900,000        | 674,000,000        | 687,500,000        |
| 635,300,000        | 647,900,000        | 660,900,000        | 674,000,000        | 687,500,000        |
| 635,300,000        | 647,900,000        | 660,900,000        | 674,000,000        | 687,500,000        |
| <u>635,300,000</u> | <u>647,900,000</u> | <u>660,900,000</u> | <u>674,000,000</u> | <u>687,500,000</u> |
| 3,176,500,000      | 3,239,500,000      | 3,304,500,000      | 3,370,000,000      | 3,437,500,000      |

CJ  
 BA 1.7B  
 OL .15B  
 54B  
 27B  
 13.4B

300 over 5 yr = 1.6 m

This responds to your request that we think about a bold initiative for the 2001 budget that would enable us to say that we will meet the worst case housing needs of an important group of households over a reasonable period of time. This initiative would be over and above the Department's request for incremental vouchers for 2001:

- 120,000
- 18,000 vouchers for permanent housing for the homeless
  - 82,000 vouchers to be used by housing authorities for their waiting lists
  - 20,000 vouchers to be used in connection with Low Income Tax Credit projects built outside poor neighborhoods *store + Bill*

Another 200,000 vouchers per year would enable us to set a five-year goal for eliminating the worst case needs of working poor families with young children.

- We would set aside 20,000 of the additional vouchers for persons with disabilities because of the high level of worst case needs among this population and because the disability community is strongly committed to meeting its housing needs through vouchers. *total unassisted 90,000 of whom 61,900*
- The remaining 180,000 vouchers per year would be targeted to extremely low income families with a child 12 years old or younger and with earnings the equivalent of half-time at minimum wage. *(current min. wage)* *+ have worst case housing needs*

*Under 6 is about 1/2 of kids under 12*

Over a five year period, this would be 900,000 vouchers: more than enough to meet the needs of the 610,000 target families who have worst case needs. A cushion is needed because:

- the worst case population is not static. Additional families will come into the target category over the five-year period—for example, as children are born and as families move from welfare to working at low wage jobs. *would be seen as huge step back*
- we would not make worst case needs a condition of eligibility. This would require reintroduction of the federal preferences that were repealed in 1998. Instead, we would permit any extremely low family with a qualifying child and earnings to qualify for a voucher: 920,000 in all. In effect, we are using worst case needs as a proxy for a "participation rate," assuming that most but not all families without worst case needs will not apply for assistance.

*1st yr = 120 + in out years + 200*

*Disabled: big need, still interest (Fragile - NJ), bad policy/policies to exclude. Local HHS can deny etc, but need cannot count*

*People in pub. housing not be eligible, but will be a wash because they'd free up a slot - You'd get on & working*

wld allocate on a formula based on # of these families based on worst case needs w/ kids  
It'll be using reg. waiting list process -

Eligibility

→ 50% of area median income, of which  
75% must have to be below 30% med inc  
when they are 18

Can also consider worst-case needs

This gap is often associated with ~~under~~

Jacqueline -

Wants strong support → vouchers but strongly  
opposes ~~allocating~~ <sup>targeting</sup> them in any way - should be  
fair shared.

will have debate about intro -  
she knows he's strongly oppose targeting new vouchers,  
she isn't sure how he'd feel about a rhetorical goal

she's sending me an unofficial paper of one proposal,  
has not been blessed by ~~set~~

or to talk directly to Bill re. technique? -  
just reply her too.

Table 14: Changes in Receipt of Welfare and Wages by Public Housing Tenants, 1997-1999

| STATE          | Number<br>Reported | Percent with Wages,<br>No Welfare |            | Percent with Welfare,<br>No Wages |            | Percent with Wages<br>and Welfare |            |
|----------------|--------------------|-----------------------------------|------------|-----------------------------------|------------|-----------------------------------|------------|
|                |                    | 1st Q,1997                        | 1st Q,1999 | 1st Q,1997                        | 1st Q,1999 | 1st Q,1997                        | 1st Q,1999 |
| U.S. Total     | 636,500            | 36%                               | 41%        | 34%                               | 25%        | 4%                                | 4%         |
| Alabama        | 26,200             | 43%                               | 44%        | 23%                               | 13%        | 2%                                | 1%         |
| Alaska         | 700                | 31%                               | 37%        | 42%                               | 31%        | 5%                                | 5%         |
| Arizona        | 5,000              | 35%                               | 44%        | 36%                               | 26%        | 3%                                | 2%         |
| Arkansas       | 9,300              | 38%                               | 42%        | 26%                               | 17%        | 1%                                | 1%         |
| California     | 24,100             | 30%                               | 34%        | 45%                               | 36%        | 8%                                | 10%        |
| Colorado       | 5,700              | 43%                               | 55%        | 37%                               | 20%        | 3%                                | 2%         |
| Connecticut    | 7,200              | 24%                               | 37%        | 50%                               | 36%        | 10%                               | 7%         |
| District of Co | 3,700              | 22%                               | 23%        | 54%                               | 48%        | 3%                                | 2%         |
| Delaware       | 2,100              | 45%                               | 47%        | 32%                               | 25%        | 6%                                | 6%         |
| Florida        | 29,000             | 34%                               | 40%        | 42%                               | 30%        | 5%                                | 4%         |
| Georgia        | 28,000             | 34%                               | 41%        | 41%                               | 29%        | 5%                                | 4%         |
| Guam           | 500                | 39%                               | 28%        | 24%                               | 41%        | 1%                                | 0%         |
| Hawaii         | 2,100              | 33%                               | 32%        | 44%                               | 40%        | 6%                                | 11%        |
| Idaho          | 400                | 51%                               | 63%        | 11%                               | 1%         | 3%                                | 1%         |
| Illinois*      | 26,900             | 33%                               | 31%        | 43%                               | 39%        | 8%                                | 8%         |
| Indiana        | 8,600              | 38%                               | 43%        | 37%                               | 26%        | 3%                                | 2%         |
| Iowa           | 1,900              | 40%                               | 48%        | 31%                               | 24%        | 13%                               | 9%         |
| Kansas         | 3,200              | 43%                               | 54%        | 29%                               | 16%        | 4%                                | 2%         |
| Kentucky       | 16,000             | 32%                               | 37%        | 35%                               | 25%        | 4%                                | 4%         |
| Louisiana      | 18,700             | 35%                               | 42%        | 36%                               | 26%        | 4%                                | 2%         |
| Maine          | 2,100              | 31%                               | 37%        | 46%                               | 36%        | 7%                                | 9%         |
| Maryland       | 9,400              | 34%                               | 44%        | 41%                               | 29%        | 3%                                | 3%         |
| Massachuse     | 16,200             | 38%                               | 48%        | 44%                               | 32%        | 4%                                | 2%         |
| Michigan       | 8,900              | 42%                               | 49%        | 30%                               | 22%        | 10%                               | 8%         |
| Minnesota      | 11,400             | 37%                               | 42%        | 34%                               | 27%        | 4%                                | 5%         |
| Mississippi    | 10,200             | 48%                               | 53%        | 23%                               | 12%        | 5%                                | 2%         |
| Missouri       | 9,000              | 36%                               | 44%        | 37%                               | 28%        | 3%                                | 2%         |
| Montana        | 1,400              | 36%                               | 46%        | 32%                               | 23%        | 3%                                | 3%         |
| Nebraska       | 3,600              | 51%                               | 50%        | 26%                               | 25%        | 4%                                | 3%         |
| Nevada         | 1,700              | 47%                               | 45%        | 26%                               | 21%        | 2%                                | 2%         |
| New Hamps      | 1,700              | 46%                               | 52%        | 32%                               | 25%        | 5%                                | 4%         |
| New Jersey     | 12,600             | 44%                               | 42%        | 37%                               | 25%        | 2%                                | 2%         |
| New Mexico     | 2,700              | 41%                               | 43%        | 33%                               | 27%        | 4%                                | 6%         |
| New York*      | 71,400             | 46%                               | 46%        | 8%                                | 7%         | 1%                                | 1%         |
| North Carolin  | 24,800             | 33%                               | 40%        | 39%                               | 29%        | 6%                                | 5%         |
| North Dakota   | 900                | 43%                               | 50%        | 21%                               | 20%        | 2%                                | 3%         |
| Ohio           | 29,700             | 26%                               | 37%        | 50%                               | 32%        | 5%                                | 5%         |
| Oklahoma       | 7,500              | 38%                               | 40%        | 28%                               | 17%        | 2%                                | 2%         |
| Oregon         | 3,500              | 48%                               | 55%        | 23%                               | 17%        | 2%                                | 2%         |
| Pennsylvani    | 27,600             | 29%                               | 37%        | 51%                               | 35%        | 4%                                | 4%         |
| Puerto Rico    | 21,500             | 29%                               | 31%        | 19%                               | 17%        | 3%                                | 3%         |
| Rhode Islan    | 2,700              | 26%                               | 27%        | 52%                               | 49%        | 3%                                | 7%         |
| South Caroli   | 10,600             | 40%                               | 46%        | 26%                               | 14%        | 6%                                | 3%         |
| South Dakot    | 500                | 53%                               | 61%        | 11%                               | 10%        | 2%                                | 1%         |

Sheet1

|              |        |     |     |     |     |    |    |
|--------------|--------|-----|-----|-----|-----|----|----|
| Tennessee    | 25,900 | 27% | 28% | 39% | 29% | 5% | 3% |
| Texas        | 35,700 | 37% | 43% | 36% | 27% | 2% | 2% |
| Utah         | 1,200  | 41% | 48% | 30% | 20% | 8% | 6% |
| Vermont      | 800    | 38% | 36% | 40% | 40% | 6% | 6% |
| Virginia     | 12,000 | 37% | 42% | 35% | 24% | 5% | 5% |
| Washington   | 10,900 | 28% | 38% | 50% | 38% | 6% | 8% |
| West Virgini | 4,000  | 30% | 39% | 39% | 22% | 3% | 1% |
| Wisconsin    | 6,000  | 52% | 60% | 23% | 11% | 6% | 1% |
| Wyoming      | 400    | 57% | 58% | 8%  | 4%  | 5% | 1% |

Source: MTCS Support System, "Changes in Income Reports," May 1998 and 1999.

Note: Only incomes of non-elderly, non-disabled adults were counted.



"Mark D. Shroder" <Mark\_D.\_Shroder@HUD.GOV>  
11/15/99 12:12:37 PM

→ Bob Gray }  
708 0614  
x5932

Record Type: Record

To: Andrea Kane/OPD/EOP

cc:

Subject: Re: MTCS data you requested, for the US.

---

708-4237 x5922

Francis S. Redburn

12/20/99 03:44:04

PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:

Subject: Re: pls review and score these voucher options

Here is a note I sent to Michael with my take on a voucher initiative along the lines we had discussed. From your perspective, where does this stand?

----- Forwarded by Francis S. Redburn/OMB/EOP on 12/20/99 03:40 PM -----

Francis S. Redburn

12/20/99 12:31:02

PM

Record Type: Record

To: Michael Deich/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: Re: pls review and score these voucher options

HUD estimates that there are 610,000 working families with children under 12 who have very low earnings and face worst case housing needs (see attached). A subset of these -- perhaps one-half -- now live in high-poverty neighborhoods. Within that group, vouchers are most needed by a much smaller group for whom the voucher would meet an immediate, urgent need: ability to move closer to an existing job in the suburban fringe; opportunity to take a new job that would require a move; need for their children to have access to an educational program not offered by their local school system; or similar needs requiring a move. If these tests were placed on eligibility for the voucher and it were made available immediately (without waiting in line), a plausible estimate of the numbers who could qualify might be no more than 100,000 families in the first year, with more later. If HUD would agree to meeting the goal of serving this entire group, a combination of existing vouchers (at turnover) and incremental vouchers could be reserved for such needs. About 200,000 vouchers turn over annually; if one-fourth of these were reserved for these families, the rest of the first-year's need could be met by another 50,000 incremental vouchers (\$300M BA annually; outlays rising to about \$250M by year three). HUD will object to the implications of redirecting subsidies from those now on the waiting list to other families; however, we could answer that we have a large increment of "fair share" vouchers at the same time to reduce waits for assistance.

----- Forwarded by Francis S. Redburn/OMB/EOP on 12/20/99 12:15 PM -----

Andrea Kane

Record Type: Record

To: Katherine L. Meredith/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message

bcc:

Subject: Re: pls review and score these voucher options 

thank you - this is great. We got a more refined version of one of HUD's options, with the caveat that is unofficial and has not been blessed by the Secretary. The proposal includes 200,000 new vouchers per year, of which 180,000 are targeted to extremely low income families with a child 12 years or younger and with earning equivalent to half-time at minimum wage and 20,000 are targeted for persons with disabilities. This would be on top of the 120,000 they have requested for '01 (which they describe as 18K for homeless, 20K for LITC projects, and 82K fair shared for waiting lists). So, this equates to a total of 320,000 per year, or 1.6 M vouchers over 5. Based on Katherine's sheets, this adds up to about \$1.7B BA in '01 and \$27 B over 5! Basically, the additional 200,000 would be allocated on a formula basis to localities, and would only be available to families who met the criteria. **They estimate 610,000 of the 920,000 low income working families with kids under 12 have worst case housing needs.** They would not make worst case housing needs a criteria for eligibility, but use that to approximate how many would come forward. The remainder would accomodate influx into the eligible category over time. They wouldn't exclude families in the target population who live in public housing from applying.

Essentially, this seems like a big addition of fair-share vouchers generally targeted to a deserving group who may be the first in line anyway. Not necessarily a bad proposal, depending on available resources of course. Michael, any sense of the ballpark number that's feasible as we think through this further?

Katherine L. Meredith

Katherine L. Meredith  
12/16/99 04:03:36 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP  
cc: See the distribution list at the bottom of this message  
Subject: Re: pls review and score these voucher options 

Per your request, attached are our revised voucher files.

Thanks,

Katherine and Jim



vouchers.doc Word Document.



Vouchers.xls Spreadsheet. There is a pricing section for each scenario you outlined.

Message Copied To:

michael.deich@omb.eop.eop  
alan.b.rhinesmith@omb.eop.eop  
francis.s.redburn@omb.eop.eop  
cynthia.a.rice@opd.eop.eop  
James.F.Jordan@OMB.EOP@EOP  
Douglas.Pitkin@OMB.EOP@EOP  
Sherron.Duncan@OMB.EOP@EOP

Message Copied To:

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michael deich/omb/eop@eop  
alan b. rhinesmith/omb/eop@eop  
francis s. redburn/omb/eop@eop  
cynthia a. rice/opd/eop@eop  
james f. jordan/omb/eop@eop  
douglas pitkin/omb/eop@eop  
sherron duncan/omb/eop@eop

Message Copied To:

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Alan B. Rhinesmith/OMB/EOP@EOP  
Douglas Pitkin/OMB/EOP@EOP  
Sherron Duncan/OMB/EOP@EOP  
James F. Jordan/OMB/EOP@EOP  
Katherine L. Meredith/OMB/EOP@EOP

**Andrea Kane**

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP  
cc:  
bcc: Records Management@EOP  
Subject: Re: Jacquie Lawing

I just talked to Jacquie and conveyed the request re: voucher goals. She said she's talk to staff and relay their ideas back to me by tomorrow. Jacquie's out on travel tomorrow so I suspect when she realizes Jill et al are out today til 4 (I didn't tell her this), she'll end up having us communicate directly. Let's hold off reaching out to Jill directly for now. I also mentioned to her I'd like to get their ideas about how to use a small number of vouchers, akin to family unification, to promote responsible fatherhood and two-parent families. She suggested I reach out directly to Jill on that one, which I will do but it is lower priority and I don't want it to slow them down on the bigger drill.

Francis S. Redburn

**Francis S. Redburn**

12/14/99 12:18:48

PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP  
cc:  
Subject: Jacquie Lawing

Please email me when you have talked to Jacquie and let me know her response, including whether she okayed direct communication with the PD&R (research) staff on data questions. I'll try to reach Jill Khadduri to follow up, and conference you in if possible (she is at a conference until about 4).

## NEW HUD REPORT SHOWS STRONG ECONOMY WORSENS HOUSING CRISIS FOR POOREST FAMILIES, AS WAITING LISTS FOR HUD HOUSING GROW

[Click here for full report.](#)

WASHINGTON - The strong economy that has improved the lives of most Americans has hurt some of the poorest families by worsening the crisis-level shortage of affordable housing, according to a new Department of Housing and Urban Development report.

Secretary Andrew Cuomo today released the report - called *Waiting In Vain: An Update On America's Housing Crisis*. The new report shows that: 1) The time families spend on waiting lists for HUD housing assistance has grown dramatically. 2) Market rents are rising faster than the incomes of poor people. 3) The number of affordable housing units is falling.

The report documents the ongoing shortage of affordable housing in America from 1996 to 1998, updating a report that was based on 1995 statistics.

"The rising economic tide is raising many boats, but it is also drowning some," Cuomo said. "As an unintended consequence of this amazingly strong economy, there is less affordable housing stock and the prices are beyond the reach of those at the bottom of the income spectrum."

The report found that:

**Time people spent on waiting lists to get into HUD-assisted housing "increased substantially between 1996 and 1998." For the largest public housing authorities, a family's average time on a waiting list rose from 22 to 33 months from 1996 to 1998 - a 50 percent increase. The waiting period is even longer in some large cities - eight years in New York City; six years in Oakland, CA; and five years in Washington, DC, and Cleveland. The average waiting period for a Section 8 rental assistance voucher rose from 26 months to 28 months between 1996 and 1998. The waiting period for the vouchers, which are used to help families in need rent privately owned apartments, is now ten years in Los Angeles and Newark; eight years in New York City, seven years in Houston; and five years in Memphis and Chicago.**

The number of families on waiting lists for HUD assistance has increased as well. Where waiting lists have not been closed due to overwhelming size, the typical increase was 10 to 25 percent from 1998 to 1999. The 40 waiting lists examined in detail for the study issued today include almost 1 million families -- an average of almost 25,000 on each list.

"Between 1995 and 1997, rents increased faster than income for the 20 percent of American households with the lowest incomes, according to the Bureau of Labor Statistics. The Consumer Price Index for Residential Rent rose 6.2 percent between 1996 and 1998 - significantly higher than the 3.9 percent rate of inflation for the period."

The number of housing units that rent for less than \$300, adjusted for inflation, declined from 6.8 million in 1996 to 5.5 million in 1998, a 19 percent drop of 1.3 million units. In 1998, the median asking rent of new rental unit remained out of reach for most low-income families, at \$726.

The number of households receiving rental assistance from HUD dropped by 51,000 from 1996 to 1998, when the Congress barred HUD from issuing new rental assistance vouchers. Congress provided HUD with 90,000 new vouchers in the current year. HUD now provides housing assistance through Section 8 rental assistance to 3 million households and subsidizes public housing units for another 1.3 million households - for a total of 4.3 million.

Private landlords are "opting-out" of HUD-assisted subsidy contracts, threatening to worsen the housing crisis. In 1998 alone, almost 13,000 housing units were lost through opt-outs, as owners quit the project-based Section 8 program in search of higher market-rate rents.

Cuomo said the new report shows the need for the \$28 billion HUD budget that President Clinton has proposed for Fiscal Year 2000. The proposed budget - \$2.5 billion above the current HUD budget - calls for actions to increase the supply of affordable housing. These include the creation of 100,000 new rental assistance vouchers, and steps under the HOME Program to stimulate the creation of about 84,400 affordable housing units.

The report indicates that the number of families with crisis-level housing needs - called "worst case needs" - remains at or near 5.3 million, the same level found in 1995. The families earn less than 50 percent of the area median income and either pay over half their incomes for rent, live in severely substandard housing, or both.

The report says: "At a time of unprecedented prosperity for so many, islands of despair remain. The very strength of our economy is forcing the poorest renters to compete for a shrinking pool of affordable units. With nowhere else to turn, millions of families with worst case housing needs join lists for HUD-assisted housing and are left waiting in vain."

Francis S. Redburn

12/11/99 12:50:32

PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc: Michael Deich/OMB/EOP@EOP, Paul J. Weinstein Jr./OPD/EOP@EOP, Alan B. Rhinesmith/OMB/EOP@EOP, Katherine L. Meredith/OMB/EOP@EOP

Subject: Re: Bruce

In answer to your question, we haven't seen any analysis of waiting times for people in public housing who are seeking vouchers. We need to know more about how often people in PH apply for Section 8 and what their experience is.

Below is an excerpt from a recent HUD report on Section 8 waiting lists. Waiting list data like this are not very meaningful, because PHAs have varied practices with regard to opening and closing their waiting lists. All they really show is that the pool of those eligible and interested in assistance is much larger in most places than the supply of new (and turnover) subsidies.

----- Forwarded by Francis S. Redburn/OMB/EOP on 12/11/99 12:44 PM -----

**Katherine L. Meredith**

12/09/99 04:07:50 PM

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP

cc: james f. jordan/omb/eop@eop

Subject: Re: Bruce

Below is a HUD press release, found on their internet site. Please note the bolded section which details wait time for vouchers. Jim and I have put a call into Gerry Beniot.

Thanks,

KM

\*\*\*\*\*

HUD News

HUD No. 99-48

Further Information:

For Release

In the Washington, DC area: 202/708-0685

Monday

Or contact your local HUD office

March 8, 1999



U.S. Department of Housing and Urban Development

## OFFICE OF POLICY DEVELOPMENT AND RESEARCH

DATE 12/17/99NUMBER OF PAGES (including cover page) 2TO: Andrea Kane FROM: Kathy NelsonPHONE: 456-5573 PHONE: 708-1537 x 5917FAX NUMBER: 456-7431NOTES: Attached is as much detail as I  
have "on the shelf" about Worst Case  
families with children.Please Call me if you have any questions  
  

The Telephone Number for this Fax machine is (202) 708-0573

## Extremely low income families by age of youngest child, 1997

| ELI families with <u>youngest</u> child: | 0-6   | 7-12 | 13-18 | Total |
|------------------------------------------|-------|------|-------|-------|
| Unassisted                               | 1,280 | 585  | 422   | 2,287 |
| earning > \$150, 99\$*                   | 645   | 275  | 140   | 1,060 |
| Priority problems = worst case needs     | 915   | 430  | 335   | 1,680 |
| earning > \$150, 99\$                    | 420   | 190  | 110   | 720   |
| % of half-time with worst case:          | 65%   | 69%  | 79%   | 68%   |

$$65 \times 645 = 419$$

$$= 419$$

$$190 = 610$$

$$1555$$

\* \$150 = \$5.15/hour \* 20 hours/week \* 50 weeks

Source: unpublished tabs of the 1997 American Housing Survey, PD&R/HUD, 12/15/99

Francis S. Redburn

12/09/99 01:07:26

PM

Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP@EOP

cc: Andrea Kane/OPD/EOP@EOP, michael deich/omb/eop@eop

Subject: Re: Bruce 

It's vague, but unclear whether it would stand up to close scrutiny. Our plan is certainly to ensure, as soon as possible, that no family is forced to occupy public housing that is inadequate or dangerous. We hope that our proposed funding for 2001 will allow HUD to bring down 30,000 units that already have been determined to be "non-viable" and are required by law to be vacated and replaced with other subsidies -- no deadline. We also have funds available now to achieve the Administration's commitment to demolish 100,000 of the worst units (overlapping the non-viable set but not necessarily including these 30,000) by 2003.

Under long-standing policy, regardless of the desirability of their unit, households in public housing that take the steps necessary to be placed on the waiting list for a housing voucher can receive a voucher and move to a private apartment with the voucher when their name comes to the top of the list. Thus, at least technically, no family is permanently "trapped" in public housing if they want to wait for a portable voucher.



Michael Deich  
12/09/99 01:21:57 PM

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP

cc: paul j. weinstein jr./opd/eop@eop, andrea kane/opd/eop@eop, michael deich/omb/eop@eop

Subject: Re: Bruce 

how long is the average wait for vouchers by those seeking to leave public housing? how much would the average wait change based on our budget request for 100k vouchers? if the answers are (1) fairly long and (2) not much, the potential sotu claim might be a complicated message at best.

► Paul J. Weinstein Jr.  
12/09/99 11:41:53 AM  
.....

Record Type: Record

To: Andrea Kane/OPD/EOP

cc: Michael Deich/OMB/EOP@EOP, Francis S. Redburn/OMB/EOP@EOP

Subject: Bruce

Bruce wants POTUS to say in State of Union "are plan is to put us on the path so that no family is trapped in public housing projects."

Can we? Seems vague enough.

So no working family has to choose <sup>paying for</sup> between food, rent, transportation or child care.

CR  
So <sup>all</sup> no working family in our poorest communities have access to decent, affordable housing

Steve

Cisneros proposal

Let people move around from public housing  
or noting

- slice at worst elements of public housing

5 m families w/o help w/ worst case needs  
of which  
2 m families w/ children (as of 95)

100,000 we propose

The entire voucher program 1.6 m  
total 4.5 m

not a one for one match over time w/ worst case  
needs + subsidies

~ 6,000 yr.

95 date

Income below poverty

1.8 m families w/ children, of which earnings is  
main source  
below 30% of median 1.7 m  
of income  
about 1 m

97 date

→ w in process

All new subsidies —

Working poor w/ children living in conc. areas of poverty who are paying > 1/2 of income for rent

Jill Kading

In 95 900,000 AFDC recs <sup>families w/ worst case needs</sup>  
→ 1 million NEPC getting housing

1 million families x \$6,000 per voucher =

\$6 B over the next decade

1980 4.5 m in this worst case  
1990 5.4 m

(10,000 = 290 m  
1 b  
200,000 300 m  
x

3.1 subsidies

4.7 subsidies

AF Voucher as reward for work for those playing by the rules

1.3 m moving from welfare to work in a yr

→

cd do 200,000 a yr - w/ special rules  
don't cut 1992 - cd do that

In 97 - how many people in pub housing

(2)

total m over 10

$$\text{Yr 1} = 100,000 = 290 \text{ m}$$

$$\text{Yr} = 100,000 \text{ new} + 100,000 \text{ yr} > 580$$

abolished fed preferences - goes against  
our policy of local choice

What is it of ph. residents in kids -

Andrea Kane

Record Type: Record

To: Jacquie\_m.\_lawing@hud.gov @ inet  
cc: Scott\_sherman@hud.gov @ inet, Paul J. Weinstein Jr./OPD/EOP@EOP  
Subject: vouchers

A few questions:

1) have the 50,000 WTW vouchers actually been executed yet? If not, when will they be, and when would families actually be getting the vouchers? might be a nice thing to generate a little press about as part of a strategy to build support for future requests.

2) did the department release summaries of the awards for public consumption? You gave me the fact sheets that describe a little about each project, but last I checked, only thing on the web was a list of sites and amounts. Again, having some kind of description of each project that could be shared publicly with key groups, Hill etc would be helpful in building support.

3) have you begun thinking about what kind of information we'll have available to help tell the story about how these are benefiting families and communities as we go into next year? I assume we won't have any hard data, but even some nice anecdotes about how PHAs are planning to use the vouchers, innovative partnerships they've developed, and examples of families who will benefit would be useful. Obviously you'd want to be prepared with information about key states/districts.

4) finally, what is the process and time frame for allocating the FY 2000 60,000 vouchers?

*Steve Yone did mention that Urban Institute will be doing an interim process evaluation report this spring*

*also TA contract*

Francis S. Redburn

11/19/99 09:34:38

AM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:

Subject: FYI: Proposal for Vouchers from Center for Budget and Policy Priorities

I don't think Michael would mind my sharing this with you. It indicates where we are heading. Will be able to talk more specifically after our conversation with the Director next week.

----- Forwarded by Francis S. Redburn/OMB/EOP on 11/19/99 09:32 AM -----

Francis S. Redburn

11/15/99 02:41:54

PM

Record Type: Record

To: Michael Deich/OMB/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: FYI: Proposal for Vouchers from Center for Budget and Policy Priorities

You should have received a copy of this 11/12/99 proposal from Greenstein, Sard, and Lubell. It recommends a small initiative to make vouchers work better in difficult markets and additional steps to improve voucher success rates.

I was pleased to see that their ideas so closely parallel the recommendation in the Rental Assistance Issue Paper for Director's Review, which draws from the investigation Katherine conducted as her Summer project. One difference: they propose competitive awards to PHAs for a menu of additional administrative efforts or payments to landlords or families plus separate initiatives to provide TA and training and to challenge discrimination against voucher holders. Our proposal folds these purposes together; rather than having the funds be awarded competitively, it gives HUD discretion to direct the funds to places where it spots a problem and to specify the appropriate intervention.

Jeff Lubell and I both attended the recent Urban Institute roundtable on these issues. I've since spoken to Marge Turner of UI, who organized the roundtable. She was enthusiastic about an initiative of the kind we are recommending. We also are talking to PIH and PD&R staff about a practical method of identifying PHAs where success rates are low or falling, in order to facilitate timely and appropriate interventions.

Message Copied To: \_\_\_\_\_

Alan B. Rhinesmith/OMB/EOP@EOP  
Katherine L. Meredith/OMB/EOP@EOP  
James F. Jordan/OMB/EOP@EOP  
Douglas Pitkin/OMB/EOP@EOP  
Sherron Duncan/OMB/EOP@EOP



# CENTER ON BUDGET AND POLICY PRIORITIES

CC: CR  
Paul

'01 Vouchers  
idea

## Memo

from:  
Andrea

To: Michael Deich, Steve Redburn, OMB

Xav Briggs, Jill Khadduri, Jacquie Lawing, Harold Lucas, Rod Solomon,  
Susan Wachter, HUD

Looks worth exploring - I'll  
check w/ OMB on their  
reaction.

From: Robert Greenstein, Barbara Sard and Jeff Lubell, CBPP

Date: November 12, 1999

Re: A Proposal to Help Section 8 Vouchers Work Better in Difficult Markets

Congratulations on your many victories in the FY 2000 HUD budget. Among other achievements, the 60,000 incremental housing vouchers secured through your efforts will help to meet the housing needs of lower income families, including poor working families and families attempting to make the transition from welfare to work.

Given the strong commitment HUD and the Administration have shown to the housing voucher program, we hope you will again request a sizable number of new housing vouchers. As Congress authorized 100,000 new vouchers for FY 2000 and another 100,000 for FY 2001, and appropriated 60,000 in this year's appropriations bill, the total number of authorized but not-yet-appropriated vouchers is 140,000.

Rather than focus in detail on the number or type of new vouchers to request,<sup>1</sup> we'd like to suggest a strategy for responding to the concern raised by several key members of the Senate that the Section 8 voucher program may not be working well in certain areas. Our primary suggestion in this regard is to propose a small demonstration program to help develop best practices for using housing vouchers in difficult markets.

### Helping Vouchers to Work Better in Difficult Markets

In an impressive showing of support, some 15 Senators rose to advocate for incremental housing vouchers during the floor debate on proposed FY 2000 funding ✓

<sup>1</sup> Some brief thoughts on which types of new vouchers to request are included in a box on page 3.

levels for HUD.<sup>2</sup> Senator Bond, however, spoke strongly in opposition and Senator Wellstone spoke about the difficulties of using vouchers in Minnesota.

Senator Bond articulated two principal concerns with proposals to expand the supply of housing vouchers: the ongoing costs of such an expansion and the difficulties families in some areas have had in successfully using vouchers to secure affordable housing. While important, the "costs" issue is a resource allocation issue that is beyond the scope of this memo. We deal here with the other main concern expressed by Senator Bond, which was summarized in the committee report accompanying the VA-HUD Conference Report:

While the conferees have included funds for incremental voucher assistance, they note that vouchers are not a panacea for low-income, affordable housing. The voucher program has significant problems, with families in many areas of the country unable to utilize effectively this housing subsidy, especially in high-cost areas where the payment standard of the voucher program may not be sufficient to cover market rents. Moreover, there is a substantial shortage of available, low-income affordable housing throughout the country, and vouchers do not provide an effective financing tool that will result in constructing additional affordable housing.

As the Administration proved this year and last, it is possible to achieve increases in the number of housing vouchers despite Senator Bond's criticisms. Nevertheless, we believe the prospects for expanding the voucher program, both in FY 2001 and in future years, would be significantly aided by addressing the concern that Senators Bond and Wellstone expressed.

In our view, it is important both to educate Congress on the extent to which the program has been successful and on recent program changes that should improve success rates and to propose ways to make the program work better where success rates have been low. (By "success rates," we mean the proportion of families issued vouchers who succeed in using them to lease an apartment.)

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<sup>2</sup> The following Senators spoke in support of incremental vouchers during the appropriations debate: Bayh, Biden, Bingaman, Bryan, Daschle, Durbin, Johnson, Kerry, Leahy, Levin, Lieberman, Reed, Sarbanes, Schumer, and Torricelli.

all Dec 2

## *Evidence of Program Success*

In an effort to help PHA staff, low-income housing advocates and others better understand the issues affecting voucher success rates, we recently prepared an article for the November/December issue of NAHMA News, a journal of the National Affordable Housing Management Association. The article summarizes the most recent data on voucher success rates, as well as recent program changes that should improve voucher usage.<sup>3</sup> We attach it for your interest.

We understand that HUD plans to conduct a study of success rates in different areas. As many years have passed since Abt Associates published the last study of voucher success rates in 1994, this new study should be very useful in helping policymakers and researchers gauge the extent to which success rates have changed since the last study. As Steve Redburn noted at a recent Urban Institute forum, it also would be helpful if state and local housing agencies (PHAs) were to collect data on local success rates. We have had some discussions with HUD staff on the possibility of collecting these data through the Multifamily Tenant Characteristics System (MTCS), HUD's data collection system for public housing and the tenant-based Section 8

when?

### **FY 2001 Voucher Request**

Two thoughts on the subject of which types of housing vouchers to request:

1. Although the welfare-to-work housing voucher program is only a year old, it already has produced new working relationships between many PHAs and welfare agencies and leveraged millions of dollars in state-controlled funds in benefits and services for families attempting to make the transition from welfare to work. While there will be no outcomes to report for families issued welfare-to-work vouchers in the first year, HUD could buttress a request for more welfare-to-work vouchers by citing these institutional changes, as well as statistics on the number of applications received and vouchers requested that could not be funded. It also may be helpful to report on promising ideas included in applications of PHAs that received grants under the FY 1999 allocation of welfare-to-work vouchers.

2. We understand that HUD and the Administration are considering a proposal to stimulate the production of affordable units by combining incremental vouchers with low-income housing tax credits and FHA insurance, targeted specifically on the production of units with more than two bedrooms. Although we are not aware of the program details, the idea seems quite attractive from a policy perspective. By combining these three existing program elements, developers will hopefully be able to obtain the financing they need to construct new rental housing that is affordable to extremely low-income families. In addition, the successful combination of tax credits and Section 8 vouchers could lead tax credit developers and financiers to feel more invested in the Section 8 voucher program and thus support future increases in that program. Encouraging the production of more rental units suitable for larger families will help meet a critical need in many areas.

Yes -  
start develop  
for  
small budget  
rental units

<sup>3</sup> In addition to the program changes noted in this article, HUD's recent decision to allow housing agencies to expand families' search time beyond 120 days also should help to improve success rates.

program.<sup>4</sup> If such data were collected and reported to HUD and the public as part of each PHA's annual plan, we expect it would be easier for PHAs to recognize and address problems in voucher usage.

### *Raising Success Rates*

Although no systematic data are yet available on the current success rates of Section 8 voucher-holders, there is a growing number of informal and anecdotal reports suggesting that families are having problems using vouchers in some areas. A large PHA in Massachusetts, for example, reports that it now issues three or four vouchers for every one that is used successfully to secure housing; while this practice ensures that all of the PHA's allocated vouchers are used, it also suggests the PHA is experiencing a success rate of only 25 to 33 percent. To similar effect, a recent study of the Section 8 certificate and voucher programs in Missouri found that the St. Louis County voucher program had a success rate of around 50 percent.<sup>5</sup> At a national forum on the housing voucher program held earlier this year by the National Low-Income Housing Coalition, several other PHAs in different areas indicated they are experiencing similar problems.

What happens  
to vouchers  
that aren't  
used?

### *A Demonstration Program to Improve Voucher Usage*

In light of the evidence suggesting problems in using vouchers in a number of local areas and the concerns expressed by Senators Bond and Wellstone, we urge HUD and the Administration to consider steps to improve the success rates of families issued Section 8 vouchers. In our opinion, the best strategy would combine one or more modest appropriations initiatives with improved technical assistance and other program steps that could probably be done within HUD's existing budget. Including initiatives to address this problem in the Administration's appropriations request would help assure adequate funding for these efforts and make clear to interested legislators that HUD and the Administration are taking their concerns seriously.

The most common idea advanced to make tenant-based vouchers more usable in the existing rental stock is to raise fair market rents back from the 40<sup>th</sup> to the 45<sup>th</sup>

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<sup>4</sup> The simplest suggestion we have heard for accomplishing this aim is to have PHAs fill out a very short form on each family issued a housing voucher. This would allow the MTCS system to track the number of families issued vouchers along with some basic information on their characteristics. A "success" rate could be generated by comparing the number of vouchers issued during a certain time period with the number of families who use one of those vouchers to "lease-up" an apartment.

<sup>5</sup> The voucher program of St. Louis city, by contrast, reported a success rate of 70 percent. See Barrett, Laura and Kelly Camrud. "Still Vouchered Up and Nowhere to Go Part II: Problems and Promise in Missouri's Subsidized Housing Programs." Housing Comes First, St. Louis, MO, November 1999.

percentile of rents of recent movers in the area. Given current budget constraints, however, this idea is unlikely to go anywhere. Moreover, as housing authorities now have discretion to raise payment standards to 110 percent of the fair market rent and can more easily obtain exception payment standards above that amount, an across-the-board increase in fair market rents would not appear to be an efficient use of resources.

Rather than raise payment standards across the board, we suggest a more modest initiative to develop best practices for improving voucher usage. Our idea is to establish a modest demonstration program (say \$25 - \$30 million) that would award small grants to PHAs on a competitive basis to improve existing voucher usage.<sup>6</sup> PHAs would have broad flexibility over how to use the funds over a several year period but would have to agree to participate in an evaluation of the different uses of the funds as a condition of grant receipt.

Among other possible uses, PHAs could use the funds to:

- implement landlord outreach strategies, such as the establishment of a private landlord advisory board, the design and distribution of marketing materials, or the payment of bonuses to landlords newly participating in the program;
- provide additional housing counseling assistance to families to help them locate available units that meet housing quality standards, preferably in better neighborhoods;
- establish a revolving loan fund to help provide security deposits to families who need this assistance to locate decent housing, especially in better neighborhoods; cd,  
use  
TRANS
- provide holding payments to landlords to cover their costs between the time a voucher-holder submits a request for lease approval and the time the lease is approved. This will enable voucher-holders to stand on roughly equal footing with ordinary renters who are not required to obtain a housing quality inspection and housing authority approval prior to signing a lease;
- provide assistance to families who believe they have been denied housing opportunities unlawfully to pursue discrimination complaints.

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<sup>6</sup> We estimate these funds would be sufficient to provide grants to approximately 100 housing authorities. This calculation assumes grants will range from \$100,000 to \$500,000, with an average grant level of \$250,000 to \$300,000. Of course, the cost of the program could be reduced significantly by reducing the number of PHAs served. Depending on the availability of other funds for evaluation purposes, it may make sense to include a set-aside within the grant amount to fund an evaluation.

To ensure that the funds are well targeted to areas that need them, we recommend imposing objective threshold criteria, such as a demonstration that there is a low vacancy rate in the local rental market. Although it probably makes sense to consider "success rates" as one of the criteria for selecting grantees, in some cases, low success rates may be due to poor performance by the PHA in such basic administrative tasks as conducting prompt apartment inspections and cutting checks on time. To avoid rewarding poor performers, the success rate criterion should be balanced with other criteria that show that the PHA is performing at an acceptable level. Objective data on PHA performance in the Section 8 program should be available through the Section 8 Management Assessment Program (SEMAP), which is expected to be fully operational by the Summer or Fall of 2000.

To further the statutory objective of increasing "housing choice" for families in the Section 8 voucher program, applicants also should be required to demonstrate that their proposals would expand housing opportunities for voucher-holders in a range of different neighborhoods. Requiring such a showing as a condition of grant receipt would help to respond to concerns expressed in the Senate committee report about expanding the diversity of neighborhoods open to Section 8 holders.<sup>7</sup>

Finally, in selecting PHAs to participate in the program, it may make sense to give preference to those who: (a) have formed partnerships with other entities or institutions in the community; (b) have adopted a "regional" approach, such as a partnership with other PHAs in the region; and (c) have leveraged grant funds through the contribution of in-kind services or state- or locally-controlled funds (including federal funds such as CDBG or TANF funds).

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<sup>7</sup> The Senate Committee Report stated: "Moreover, the Congress and the Administration need to address the concern that section 8 (tenant-based) vouchers do not always provide real rental choice for assisted families. Instead, because of market distortions in how section 8 rents are calculated, families with vouchers often have little choice in their rental decisions, leaving them often in low-income and very low-income neighborhoods and living in substandard housing. In a number of cases, families with vouchers are unable to use their vouchers to obtain affordable housing. This lack of choice also can result in de facto redlining which is not acceptable." Senate Committee Report 106-161 (Sept. 1999), p. 33.

If you proceed with this demonstration, funds will of course be needed for an evaluation of which strategies work best to achieve the objectives.<sup>8</sup> The real payoff is the development of best practices for the improved use of vouchers.<sup>9</sup>

### *Steps That Can be Taken to Improve Voucher Usage*

In addition to this proposed demonstration, HUD and the Administration could take various other steps to improve voucher usage:

1. *Increased Technical Assistance and Training.* As the attachment notes, there are steps that housing agencies can take to improve voucher success rates. Some of these steps reflect new powers granted to housing authorities by the 1998 Public Housing Reform Act; others are powers that housing agencies have had for some time. For example:

- *Housing agencies now have discretion to raise voucher payment standards to 110 percent of the fair market rent.* (Prior to the 1998 housing act, housing agencies had authority to set payment standards no higher than 100 percent of the fair market rent.) Housing agencies experiencing problems with voucher usage can use their newly expanded discretion to raise subsidy levels, thereby expanding the number of units affordable to families with vouchers.
- *Housing agencies have discretion to vary the amount of time that subsidy holders have to look for apartments with their vouchers.* Under prior law, PHAs had discretion to set search times between 60 and 120 days. PHAs now have

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<sup>8</sup> To the extent feasible and appropriate, the evaluation should include an experimental component that compares the relative success of voucher-holders with and without certain of the proposed interventions.

<sup>9</sup> As an alternative to our proposed small grants demonstration, HUD could fund local efforts to improve the use of vouchers through increased administrative fees. HUD has the authority to provide enhanced administrative fees to meet "the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program." 42 U.S.C. § 1437q(2)(B). A demonstration program such as the one we propose here has two main advantages over additional funding for Section 8 administrative fees: (a) the costs of a demonstration program can be strictly controlled (by contrast, changes to the administrative fee structure would apply to all PHAs, resulting in larger and indeterminate costs); and (b) with a competitive demonstration program, HUD could ensure that a broad variety of strategies are tested and evaluated and that all PHAs have an opportunity to learn from the demonstration.

discretion to expand search times, a power that can be used to improve voucher success rates in some areas.<sup>10</sup>

To ensure that PHAs use their discretion to promote more effective use of Section 8 vouchers, it is critical that HUD provide housing authorities with written guidance and technical assistance on how to use these powers effectively.<sup>11</sup>

For the annual PHA plan process to provide effective checks and balances on PHAs' exercise of discretion, as Congress intended, it is also important to provide guidance on these subjects to Resident Advisory Boards and community groups likely to have a stake in the successful operation of the Section 8 program. Among the community groups that might be interested in such guidance are fair housing organizations and agencies that provide services to or advocate on behalf of homeless families, domestic violence victims and welfare recipients.

In addition to written materials, it is important to provide PHAs with training on how to implement the new program rules and make effective decisions about their new policy options. It may be advantageous to repeat the Section 8 Summit that was held in late 1998 and received very positive response from PHA staff.

2. *Enforce Existing Legal Handles on Discrimination Against Voucher Holders.* There are a number of existing legal provisions designed to ensure that Section 8 voucher-holders receive fair consideration for certain types of subsidized developments. For example, the Internal Revenue Code prohibits owners from claiming the low-income housing tax credit if they have a policy of refusing to lease to families with Section 8 certificates or vouchers because of their participation in the Section 8 program. Other similar provisions are scattered throughout federal law and regulations. In addition, some states and local governments have adopted provisions designed to prohibit discrimination based on source of income, such as receipt of a Section 8 subsidy.

Unfortunately, only limited steps have been taken to enforce these provisions. Among the steps that could be taken to improve enforcement efforts are the following:

- Strengthening the anti-discrimination provisions in the IRS regulations applicable to the Low-Income Housing Tax Credit (LIHTC) Program. In

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<sup>10</sup> We wrote the attached article before HUD had released the regulations granting PHAs discretion to expand search times beyond 120 days. Accordingly, the article does not reflect this important policy change.

<sup>11</sup> In the final Section 8 rules, HUD indicated that it plans to issue guidance to help PHAs exercise their discretion to set payment standards and meet targeting requirements. HUD officials have also expressed some interest in providing technical assistance to help PHAs improve other aspects of their Section 8 programs. We strongly support these efforts.

April, we submitted comments to the IRS on proposed LIHTC regulations urging the IRS to adopt better regulatory controls to ensure that states enforce the prohibition on discrimination against Section 8 voucher-holders by owners of LIHTC developments. In our testimony before the IRS in May and in subsequent correspondence, we also urged IRS to clarify that policies that have the effect of discriminating against Section 8 voucher-holders, but have no substantial business justification as applied to these families, are unlawful.<sup>12</sup>

The IRS appears to be interested in these recommendations. To our knowledge, however, they have not yet determined how to proceed.<sup>13</sup>

- Issuing a notice that informs PHAs and applicants of the various federal prohibitions on discrimination against Section 8 voucher-holders. At present, these citations are not collected in one place. It would help enforcement efforts to do so.<sup>14</sup>
- Ensuring that PHAs and voucher-recipients have lists of the specific low-income housing tax credit developments in their neighborhoods and are informed that these developments may not discriminate against Section 8 certificate or voucher holders based on their participation in the Section 8 program. These lists could be obtained from HUD's database of low-income housing tax credit properties or from agencies responsible for allocating the credits in each state.
- Working with recipients of federal fair housing funds to ensure that they are aware of federal, state and local provisions that may prohibit discrimination against participants in the Section 8 program and encouraging them to help combat such discrimination, including through the use of "testers" that investigate rental practices at specific developments.

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<sup>12</sup> For example, many LIHTC developments have adopted policies that require applicants to have incomes of twice or three times the total rent payment. While such policies may make sense with respect to unsubsidized tenants, they make no sense as applied to Section 8 voucher-holders who are responsible for monthly rent payments that are much lower than the total apartment rents. While LIHTC owners are allowed to utilize reasonable business practices, they should not be allowed to adopt unreasonable policies that have the effect of discriminating against Section 8 voucher-holders, in violation of the Internal Revenue Code.

<sup>13</sup> Under separate cover, we have sent Steve Redburn (OMB) and Jerry Benoit (HUD) copies of our recommendations to the IRS on their proposed low-income housing tax credit regulations.

<sup>14</sup> We summarized these provisions in a memo to HUD dated February 3, 1999.

## Utilization of Section 8 Tenant-Based Assistance

by Jeff Lubell and Barbara Sard

Established in 1974, the Section 8 tenant-based assistance program helps participants afford housing by subsidizing the rents of apartments they locate in the private market. Despite 25 years of experience with Section 8 tenant-based assistance, there continues to be some confusion regarding the extent to which it is truly effective in helping program participants access affordable housing. This article attempts to provide an answer to that question by

- summarizing the most recent data on the extent to which the Section 8 tenant-based program is effective in helping program participants access affordable housing; and
- describing recent changes to the program that should improve "success" rates for participants.

### *Introduction*

Most families with housing problems in the United States have an "affordability" problem: they simply cannot afford rental housing that is available in their area. For these families, Section 8 tenant-based assistance generally works quite well. Where there is a shortage of available rental housing, however, strategies to fund or incentivize the construction of additional rental housing may be needed. As discussed below, Section 8 vouchers can contribute to such a production strategy.

*Research confirms that, in most areas, Section 8 tenant-based assistance is effective in helping families afford rental housing.*

The most recent data on this subject come from the "Final Report" on the "Section 8 Rental Voucher and Rental Certificate Utilization Study," prepared for HUD by Abt Associates in October 1994. The data from that study show that, outside of Los Angeles and New York City, some 87 percent of certificate and voucher recipients nationwide succeeded in obtaining housing with their subsidies. (The comparable "success" rate in New York City was 62 percent; the study did not include data from Los Angeles because of data reporting problems.)

HUD plans to update the Abt study shortly.

*Recent changes in the Section 8 tenant-based program should help to resolve some of the obstacles that participants face in successfully using their subsidies in certain areas.*

- *As of October 1, 1999, the Section 8 certificate and voucher programs have been merged into a new housing voucher program. This should significantly expand housing opportunities for those families with Section 8 certificates*

— roughly three-fourths of all tenant-based subsidy holders. Whereas families with Section 8 certificates were limited to apartments renting below the Fair Market Rent (FMR), families with Section 8 vouchers may choose to rent apartments above the voucher payment standard by paying more than 30 percent of their income for rent. In general, families with Section 8 vouchers have had higher success rates than families with Section 8 certificates. With the merger of the two programs, all new participants will receive vouchers. In addition, over the next two years, the assistance of current certificate-holders will be converted to vouchers.

- *Housing agencies now have discretion to raise voucher payment standards to 110 percent of the FMR.* This will allow housing agencies experiencing problems with the utilization of tenant-based subsidies to raise subsidy levels, thereby expanding the number of rental units accessible to Section 8 participants. Under prior law, housing agencies could set the voucher payment standard no higher than the FMR. HUD data suggest that the new discretion to raise payment standards could significantly expand families' housing opportunities. (To economize, housing agencies could reduce payment standards in lower-cost areas and raise them in higher-cost areas.)
- *HUD now has authority to approve "exception" payment standards exceeding 120 percent of the FMR.* This will allow housing authorities to address difficulties with the utilization of tenant-based subsidies in particular areas. Under prior law, exception payment standards could not exceed 120 percent of the FMR.
- *The Section 8 Voucher Program has become more landlord-friendly.* Among other changes, the 1998 Housing Act permanently eliminated the "endless lease" policy that made it difficult to evict Section 8 participants. The Act also permanently suspended the requirement that a landlord accepting one Section 8 family agree to take others.
- *The new Section 8 Management Assessment Program (SEMAP) system provides strong incentives for housing agencies to improve Section 8 utilization.* To obtain a good score under the new SEMAP system, a housing agency must demonstrate that at least 95 percent of the tenant-based subsidies budgeted for the agency are under lease.

#### *Other Steps Housing Agencies Could Take to Improve Success-Rates*

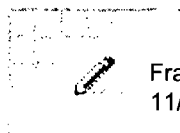
In addition to raising payment standards, there are a number of steps that state and local housing agencies could take to improve the success-rates of families with tenant-based subsidies. For example, housing agencies could:

- *Take advantage of the authority to "project-base" up to 15 percent of the total number of Section 8 tenant-based subsidies they administer.* To stimulate the production of new rental units (and the substantial rehabilitation of existing units) that are affordable to extremely low-income families, Congress has authorized housing agencies to attach up to 15 percent of their portfolio of tenant-based subsidies to new or rehabilitated units. Few housing agencies have fully utilized this authority.
- *Provide housing search assistance to voucher-holders and/or start a landlord outreach program.* One source of additional funding for such programs is the Regional Opportunity Counseling program. Another helpful strategy that requires no additional funding is to ensure that families are allowed the maximum search time permitted by HUD regulations (*i.e.*, 120 days).
- *Improve basic program administration.* Research suggests that such improvements in Section 8 administration as faster unit inspections and the timely issuance of rent checks can increase the willingness of landlords to participate in the Section 8 tenant-based program.
- *Start a Section 8 homeownership program.* In those areas where ongoing mortgage costs are comparable to Fair Market Rents, housing agencies could take advantage of the new authority to use Section 8 vouchers for homeownership. HUD has issued a proposed rule implementing the Section 8 homeownership program. A final rule is expected early next year.

*In some areas, production strategies may be needed.*

Although the voucher program has become more flexible, it is not a panacea for every housing problem in every part of the country. The voucher program works best where there already is an adequate supply of rental housing, as is true in much of the country. In areas with supply problems, however, it may be necessary to fund or incentivize the construction of additional rental units. Sources of funding for such efforts include the HOME block grant program and the low-income housing tax credit (LIHTC). (Proposals to expand the LIHTC have been well received in Congress and by the Administration but have not yet been enacted.) To enable units produced through these programs to serve extremely low-income families, housing agencies could link a portion of their Section 8 vouchers to these units through the "project-basing" authority described above.

\* Forthcoming in NAHMA News (November/December 1999)



Francis S. Redburn  
11/11/99 08:29:25 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc: See the distribution list at the bottom of this message

Subject: Re: Family reunification housing vouchers

HUD has always received some funding for family unification vouchers, even when Congress did not fund other incremental vouchers.

I'd suggest we broaden the discussion to include FY2000 60,000 vouchers. In addition to describing some of the 2001 incremental vouchers as for family unification or WTW, I am hopeful we can influence HUD's competition priorities in 2000. Although Congress required that the 2000 vouchers be distributed by formula to HUD field offices, HUD still awards to individual PHAs through a competition. We plan to talk to them about the extent to which they can direct subsidies to support moves to work.

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## HUD Community Planning and Development Programs

(\$BA in millions)

| Program                                           | 2000 Enacted | 2001 HUD Request |
|---------------------------------------------------|--------------|------------------|
| <b>CDBG Total</b>                                 | <b>4,800</b> | <b>5,349</b>     |
| <i>CDBG Formula</i>                               | [4,234]      | [5,176]          |
| <i>Funding</i>                                    |              |                  |
| <i>EDI/CEF</i>                                    | [275]        | 400              |
| <i>Habitat for Humanity</i>                       | [4]          | 8                |
| <i>Alaskan Natives</i>                            | [2]          | [2]              |
| <i>Capacity Building</i>                          | [24]         | [25]             |
| <i>Housing Assistance Council</i>                 | [3]          | 0                |
| <i>Indian Tribes</i>                              | [67]         | [67]             |
| <i>Native American Housing Assistance Council</i> | [2.2]        | 0                |
| <i>Neighborhood Initiatives</i>                   | [30]         | 0                |
| <i>Section 107/a</i>                              | [41.5]       | [82]             |
| <i>Self Help</i>                                  | [20]         | 18               |
| <i>Homeownership program</i>                      |              |                  |
| <i>Youthbuild</i>                                 | [42.5]       | 75               |
| <b>HOME</b>                                       | <b>1,600</b> | <b>1,800</b>     |
| <b>Homeless Assistance</b>                        | <b>1,020</b> | <b>1,125</b>     |
| <b>HOPWA</b>                                      | <b>232</b>   | <b>285</b>       |
| <i>Brownfields</i>                                | 25           | 50               |
| <i>Empowerment Zones</i>                          | 70           | 10               |
| <i>Rural Housing</i>                              | 25           | 50               |
| <i>Section 108</i>                                | 30           | 31               |
| <i>Communities in Schools</i>                     | 0            | 5                |
| <i>Community Planning GPRA Assistance</i>         | 0            | 50               |
| <i>Homeownership Zones</i>                        | 0            | 25               |
| <i>Moving to Work</i>                             | 5            | 0                |
| <i>National Cities in Schools</i>                 | 5            | 0                |
| <i>Redevelopment of Abandoned Buildings</i>       | 0            | 50               |

|                                 |              |              |
|---------------------------------|--------------|--------------|
| <i>Regional<br/>Connections</i> | 0            | 50           |
| <b><i>TOTAL</i></b>             | <b>7,832</b> | <b>9,418</b> |

**a/Section 107 Grants Include**

| <b>Program</b>                                          | <b>2000 Enacted</b> | <b>2001 HUD Request</b> |
|---------------------------------------------------------|---------------------|-------------------------|
| <i>Community Development Work<br/>Study</i>             | 3                   | 3                       |
| <i>Community Outreach<br/>Partnerships</i>              | 15                  | 15                      |
| <i>Hispanic Serving Institutions</i>                    | 6.5                 | 6.5                     |
| <i>Historically Black Colleges and<br/>Universities</i> | 10                  | 10                      |
| <i>Insular Areas</i>                                    | 7                   | 7                       |
| Management Information System<br>Support                | 0                   | 25                      |
| <i>Technical Assistance</i>                             | 0                   | 10                      |
| <i>Tribal Colleges and Universities</i>                 | 0                   | 5                       |
| <b><i>TOTAL</i></b>                                     | <b>41.5</b>         | <b>81.5</b>             |

# **HUD, UNITS UNDER PAYMENT ESTIMATES IN THE PRESIDENT'S FY 1998 BUDGET**

|                                               | <u>1996 Units</u> | <u>1997 Units</u> | <u>1998 Units</u> | <u>Delta<br/>1997 to 1998</u> |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| <u>Tenant-Based Sec. 8:</u>                   |                   |                   |                   |                               |
| - Certificates                                | 1,095,076         | 1,113,901         | 1,145,427         | 31,526                        |
| - Vouchers                                    | 356,321           | 375,147           | 406,672           | 31,525                        |
| - Moderate Rehabilitation                     | 112,746           | 112,746           | 112,746           | 0                             |
| Subtotal                                      | 1,564,143         | 1,601,794         | 1,664,845         | 63,051                        |
| <br><u>Project-based Sec. 8:</u>              |                   |                   |                   |                               |
|                                               | 1,394,019         | 1,415,662         | 1,459,136         | 43,474                        |
| <br><u>Public Housing</u>                     |                   |                   |                   |                               |
|                                               | 1,388,746         | 1,373,360         | 1,357,102         | (16,258)                      |
| <br><u>Misc. (Sec. 236, 236, college hsg)</u> |                   |                   |                   |                               |
|                                               | 404,498           | 365,224           | 344,713           | (20,511)                      |
| <br><u>Grand Total</u>                        |                   |                   |                   |                               |
|                                               | 4,751,406         | 4,756,040         | 4,825,796         | 69,756                        |

File: h:\data\housing\98budboo\units.wk4

x 67431

Francis S. Redburn

01/20/98

12:49:58 PM

Record Type: Record

To: Katherine L. Meredith/OMB/EOP, James F. Jordan/OMB/EOP

cc: Andrea Kane/OPD/EOP

Subject: Jill Khadduri Stats

I spoke to Jill and got the following information from HUD's data systems, which will allow Andrea to compute the correct percent increases attributable to the 50K WTW housing vouchers:

1. The total number of households receiving portable rental assistance (HUD housing voucher and certificate programs) is 1.4 million.
2. Of these, 446,000 are families with children whose primary source of income is public assistance (nearly all AFDC/TANF). So, a 50,000 increase would be over 10 percent of today's <sup>includes</sup> ~~total~~ <sup>SSA</sup> ~~total~~ in this category. *the count is wrong*
3. Of all 4.3 million households receiving any form of HUD rental assistance (including project-based subsidies -- both Section 8 and older programs -- and public housing), 867,000 are families with children whose primary source of income is public assistance.

These figures look right to me and are closer to those in HUD's latest "characteristics" book.

*8/97 3.6 m families on  
TANF  
.25% = 900,000  
1.4m - 900,000 = 500,000  
500,000 / 4.3m = 11.6%  
Sandy Redburn  
100% increase  
700,000  
.25% = 11.6%  
.17 x 3.6 =  
0.612  
0.612 / 4.3 = 0.142*

James F. Jordan

01/20/98 03:58:30 PM

Record Type: Record

To: Andrea Kane/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: RE: Housing Voucher Q&As

Here is some of the data you requested. The average housing voucher/certificate is worth about \$400 per month.

HUD may come up with a more precise figure. Here are my calculations. HUD publishes Fair Market Rents (FMR) by bedroom size for every locality in the Nation at the beginning of each fiscal year. The FMR includes the cost of both shelter rent and all utilities, except telephone. For FY 1998, the weighted average FMR is \$592 per month for a two-bedroom apartment (note, there is a wide range: Maui, Hawaii = \$1,149 per month; Washington, D. C = \$812; Fort Smith, Arkansas = \$397). The average tenant contribution towards rent is approximately \$215 per month. Hence, the average Federal subsidy is \$377 per month or about \$400 per month.  $[(\$592 \text{ FMR}) - (\$215 \text{ tenant contribution}) = (\$377 \text{ HUD subsidy})]$

My latest median income figures from HUD are old 1995 figures. HUD can supply more up-to-date figures. Remember that these figures are median household income for each locality, which results in much higher figures than you might expect. For example, the 1995 HUD tables display the median household income in Washington, D.C. at \$62,700 per year. The 50 percent of median thresholds, which vary by household size, were: \$31,350 for a 4-person household. \$28,200 for 3-person and \$25,100 for 1-person. As a general rule, the 50 percent local median income threshold is much higher than the poverty threshold, which is closer to 30 percent local median income.

----- Forwarded by James F. Jordan/OMB/EOP on 01/20/98 02:48 PM -----

Francis S. Redburn

01/20/98

12:15:52 PM

Record Type: Record

To: Katherine L. Meredith/OMB/EOP@EOP, James F. Jordan/OMB/EOP@EOP

cc:

Subject: Housing Voucher Q&As

Please get back to Andrea today with answers to her questions. Her draft also may help in preparing our material for the Director's book.

----- Forwarded by Francis S. Redburn/OMB/EOP on 01/20/98 12:13 PM -----

Andrea Kane

01/20/98 12:13 PM

| H  | A                                                                                                       | B                                   | C                  | D         | E                   | F          | G         |
|----|---------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------|-----------|---------------------|------------|-----------|
| 1  | Disregard of Earnings for 18 months.                                                                    |                                     |                    |           |                     |            |           |
| 2  |                                                                                                         |                                     |                    |           |                     |            |           |
| 3  | Data from SIPP, Portia DeFilipes May 22, 1997                                                           |                                     |                    |           |                     |            |           |
| 4  |                                                                                                         |                                     |                    |           |                     |            |           |
| 5  | Number of Families with Housing Assistance <i>and complete records</i> Average Average                  |                                     |                    |           |                     |            |           |
| 6  |                                                                                                         | # with Earnings next 18 Months      |                    |           | Earnings            | Earnings   | Earnings  |
| 7  | % with Earnings past 12 months                                                                          | None                                | Some               | All       | (in 000) in 18 mths | in 12 mths |           |
| 8  | None                                                                                                    | 1,430,614                           | 147,477            | 1,578,091 | 491,253             | 3,331      | 2,221     |
| 9  | Some                                                                                                    | 78,296                              | 880,740            | 959,036   | 22,652,498          | 25,720     | 17,147    |
| 10 | All                                                                                                     | 1,508,910                           | 1,028,217          | 2,537,127 | 23,143,751          | 22,509     | 15,008    |
| 11 |                                                                                                         |                                     |                    |           |                     |            |           |
| 12 | As a percent of All Families with Housing Assistance                                                    |                                     |                    |           |                     |            |           |
| 13 |                                                                                                         | % with Earnings next 18 Months      |                    |           |                     |            |           |
| 14 | % with Earnings past 12 months                                                                          | None                                | Some               | All       |                     |            |           |
| 15 | None                                                                                                    | 56.4%                               | 5.8%               | 62.2%     |                     |            |           |
| 16 | Some                                                                                                    | 3.1%                                | 34.7%              | 37.8%     |                     |            |           |
| 17 | All                                                                                                     | 59.5%                               | 40.5%              | 100.0%    |                     |            |           |
| 18 |                                                                                                         |                                     |                    |           |                     |            |           |
| 19 | Total Families with Certificates and Vouchers                                                           | 1,477,260                           |                    |           |                     |            |           |
| 20 | Inflation Adjustment for Earnings                                                                       | 0 assume minimum wage?              |                    |           |                     |            |           |
| 21 |                                                                                                         |                                     |                    |           |                     |            |           |
| 22 |                                                                                                         | 1998                                | 1999               | 2000      | 2001                | 2002       | 2003      |
| 23 | Percent Affected Families                                                                               | 5.8%                                | 1.6%               | 1.6%      | 1.6%                | 1.6%       | 1.6%      |
| 24 | Percent Families that End Aid                                                                           | 11%                                 | 11%                | 11%       | 11%                 | 11%        | 11%       |
| 25 | Percent Families that Quit Earnin                                                                       | 0%                                  | 5%                 | 5%        | 5%                  | 5%         | 5%        |
| 26 | Earnings in First Year                                                                                  | 2,221                               | 2,221              | 2,221     | 2,221               | 2,221      | 2,221     |
| 27 | Subsidy Cost in First Year                                                                              | 666                                 | 666                | 666       | 666                 | 666        | 666       |
| 28 |                                                                                                         | Year 1                              | Year 2             | Year 3    | Year 4              | Year 5     |           |
| 29 | % Subsidy Cost over Time                                                                                | 100%                                | 83%                | 50%       | 17%                 | 0%         |           |
| 30 | Reduction due to current underreporting of income                                                       | 7% (HUD Report on Excessive housing |                    |           |                     |            |           |
| 31 |                                                                                                         |                                     |                    |           |                     |            |           |
| 32 | Estimating Families that Are Newly Affected Each Year                                                   |                                     |                    |           |                     |            |           |
| 33 | Start of Year                                                                                           | 1,477,260                           | 1,400,836          | 1,380,397 | 1,360,256           | 1,340,409  | 1,320,851 |
| 34 | Affected Families                                                                                       | 85,869                              | 22,965             | 22,830    | 22,300              | 21,975     | 21,654    |
| 35 | Attrition because End Aid                                                                               | 9,446                               | 2,526              | 2,489     | 2,453               | 2,417      | 2,382     |
| 36 | Net Affected Families                                                                                   | 76,424                              | 20,439             | 20,141    | 19,847              | 19,557     | 19,272    |
| 37 | Never Affected End of Year                                                                              | 1,400,836                           | 1,380,397          | 1,360,256 | 1,340,409           | 1,320,851  | 1,301,579 |
| 38 |                                                                                                         |                                     |                    |           |                     |            |           |
| 39 | Number of Affected Families by Cohort, adjusted for attrition because of ending aid and ending earnings |                                     |                    |           |                     |            |           |
| 40 |                                                                                                         | 1998                                | 76,424             | 64,616    | 54,833              | 46,192     | 39,056    |
| 41 |                                                                                                         |                                     |                    | 20,439    | 17,281              | 14,611     | 12,354    |
| 42 |                                                                                                         |                                     |                    |           | 20,141              | 17,029     | 14,398    |
| 43 |                                                                                                         |                                     |                    |           |                     | 19,847     | 16,781    |
| 44 |                                                                                                         |                                     |                    |           |                     |            | 19,557    |
| 45 | Total                                                                                                   | 76,424                              | 85,056             | 92,055    | 97,680              | 102,146    | 86,364    |
| 46 |                                                                                                         |                                     |                    |           |                     |            |           |
| 47 | Cost to HUD per Family Phased in at                                                                     |                                     | 50% the first year |           |                     |            |           |
| 48 | 1998                                                                                                    | 333                                 | 555                | 333       | 111                 | 0          |           |
| 49 | 1999                                                                                                    |                                     | 333                | 555       | 333                 | 111        | 0         |
| 50 | 2000                                                                                                    |                                     |                    | 333       | 555                 | 333        | 111       |
| 51 | 2001                                                                                                    |                                     |                    |           | 333                 | 555        | 333       |
| 52 | 2002                                                                                                    |                                     |                    |           |                     | 333        | 555       |
| 53 |                                                                                                         |                                     |                    |           |                     |            |           |
| 54 | Total cost to HUD in millions of dollars                                                                |                                     |                    |           |                     |            |           |
| 55 | 1998                                                                                                    | 25                                  | 36                 | 18        | 5                   | 0          | 0         |
| 56 | 1999                                                                                                    | 0                                   | 7                  | 10        | 5                   | 1          | 0         |
| 57 | 2000                                                                                                    | 0                                   | 0                  | 7         | 9                   | 5          | 1         |
| 58 | 2001                                                                                                    | 0                                   | 0                  | 0         | 7                   | 9          | 5         |
| 59 | 2002                                                                                                    | 0                                   | 0                  | 0         | 0                   | 7          | 9         |
| 60 | Total                                                                                                   | 25                                  | 43                 | 35        | 26                  | 22         | 15        |
| 61 | Adjust for underreporting                                                                               | 24                                  | 40                 | 32        | 24                  | 20         | 14        |
| 62 | Adjusted for issuing regs in 1998                                                                       | 12                                  | 40                 | 32        | 24                  | 20         | 14        |
| 63 |                                                                                                         |                                     |                    |           |                     |            |           |
| 64 |                                                                                                         |                                     |                    |           |                     |            |           |
| 65 | Percent from New BA                                                                                     | 33%                                 | 84%                | 91%       | 96%                 | 98%        | 100%      |
| 66 | Total Costs from New BA                                                                                 | 4                                   | 33                 | 29        | 23                  | 20         | 14        |

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# THE IMPLICATIONS OF CURRENT WELFARE REFORM PROPOSALS FOR THE HOUSING ASSISTANCE SYSTEM

*Sandra J. Newman, Ph.D.\**

## I. Introduction

Recent efforts to reform the welfare system have ignored impacts on the housing assistance system. Neither the analyses nor debate leading up to passage of the Family Support Act of 1988,<sup>1</sup> nor those surrounding current legislative proposals, has given any consideration to the effects of changes in welfare programs on housing assistance. Arguably, such inattention might have been justified twenty or thirty years ago when a relatively small proportion of households received a combination of income assistance from the welfare system and housing assistance from the housing assistance system.<sup>2</sup> Indeed, during this earlier time period, the housing assistance system consciously distinguished itself from the welfare system so that inclusion would not only have been unexpected but unwelcome.

Today, however, the situation is substantially different. Even though the welfare and housing systems operate on different tracks and were originally designed to assist different clienteles, there is

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\* Associate Director for Research of the Institute for Policy Studies of the Johns Hopkins University and Research Professor in the Department of Geography and Environmental Engineering. Prior to joining Johns Hopkins, she was a senior researcher at the Institute for Social Research and an Associate Professor in the Urban Planning Program at the University of Michigan. In 1978-79, she was a Visiting Scholar in the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development for which she received the Department's Certificate of Special Achievement. The author thanks Linda Giannarelli, Pam Holcomb, Jack Kerry, LaDonna Pavetti and Keith Watson for assistance in sorting out provisions, program regulations, and working with the AFDC-QC data. The able programming of Joe Harkness and David Kantor and production assistance of Howard Cohen and Sally Katz are also gratefully acknowledged.

1. Pub. L. No. 100-485, 102 Stat. 2343 (1988).

2. The proportion of households in assisted housing that also received public assistance in 1966 is estimated to be 25 percent. U.S. DEP'T OF HOUSING & URBAN DEV., 1966 STATISTICAL YEARBOOK (1968). Included in this statistic are all forms of public assistance (i.e., AFDC, SSI and general relief) but only federal housing assistance from the U.S. Department of Housing and Urban Development.

now substantial overlap.<sup>3</sup> The proportion of households living in assisted housing that also receive assistance from one of the three main income assistance programs (i.e., Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), General Assistance) has almost doubled since 1966, reaching more than 40% at present.<sup>4</sup> Similar increases have occurred in the proportion of income assistance recipients who also receive housing assistance. Between 1981 and 1987, for example, this fraction increased from about 20% to somewhat more than 30% (1981 and 1987 American Housing Surveys, national files).<sup>5</sup> This overlap is even greater when AFDC recipients are considered separately. In 1989, 62% of households with children living in public housing were receiving AFDC.<sup>6</sup> Thus, the majority of such families occupying public housing could potentially be affected by welfare reform options.

This Essay assesses proposals to reform welfare from the perspective of effects on housing assistance. The focus is on the two welfare reform proposals that have received the most attention during late 1994 and early 1995: the Clinton Administration's Work and Responsibility Act (WRA)<sup>7</sup> and the Republican Party's Personal Responsibility Act (PRA).<sup>8</sup> Although at this writing it appears that the WRA will not be submitted to Congress and the PRA is not in its final form, these proposals reflect the current

3. Sandra J. Newman & Ann Schnare, *Beyond Bricks and Mortar: Reexamining the Purpose and Effects of Housing Assistance* 39 URBAN INSTITUTE REP. 92-3 (1992) [hereinafter *Beyond Bricks and Mortar*].

4. Sandra J. Newman & Ann Schnare, *Reassessing Shelter Assistance: The Interrelationship between Welfare and Housing*, in HOUSING ISSUES OF THE 1990s 136 (S. Rosenberry & C. Hartman eds., 1989); *Beyond Bricks and Mortar*, *supra* note 3, at 39-40; U.S. DEP'T OF HOUSING & URBAN DEV., 1966 STATISTICAL YEARBOOK (1968); U.S. DEP'T OF HOUSING & URBAN DEV., 1970 STATISTICAL YEARBOOK (1971); U.S. DEP'T OF HOUSING & URBAN DEV., 1975 STATISTICAL YEARBOOK (1976).

5. U.S. DEP'T OF HOUSING & URBAN DEV., American Housing Survey Database, Suitland, Md. (analysis conducted using national files for years 1981 & 1987).

6. Sandra J. Newman & Ann B. Schnare, *Last in Line: Housing Assistance for Households with Children*, 4 HOUSING POL'Y DEBATE 417, 422 (1993).

7. ASSISTANT SECRETARY FOR POLICY AND EVALUATION, U.S. DEP'T OF HEALTH & HUMAN SERVS., Work and Responsibility Act of 1994: Detailed Summary (undated) [hereinafter WRA].

8. Personal Responsibility Act, Sept. 23, 1994 draft of proposed legislation [hereinafter PRA]. The final version of the Act that was recently passed by the House of Representatives is not identical to the proposed legislation examined here. See Personal Responsibility Act of 1995, H.R. 4, 104th Cong., 1st Sess. (1995). The simulations in this Essay, however, are premised on the broader political ideologies inherent in the proposed legislation, rather than the precise details of the final act. Therefore, all PRA citations refer to provisions in the Sept. 23, 1994 draft of the proposed legislation.

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state of thinking about welfare reform by the two main political parties. Therefore, even if these particular bills do not ultimately make it to the floor of Congress, it is still well worthwhile to assess the order of magnitude of the effects that such bills would engender in the housing assistance system.

This analysis is limited to the provisions in each bill regarding time limits, eligibility restrictions, and work requirements for AFDC recipients, and estimates how the housing assistance system would be affected if these provisions were in effect today. This analysis focuses on two types of impacts: effects on the composition of housing assistance recipients, and budgetary effects on government subsidies for housing. Although this analysis is the first attempt to estimate the effects of welfare reform proposals on housing assistance, it is important to emphasize at the outset that these simulated impacts are expected to be extremely rough for myriad reasons including the lack of many details on the proposals (particularly the PRA<sup>9</sup>), data inadequacies,<sup>10</sup> and the inability to predict changes in behavior that might be motivated by these reforms. Therefore, the results presented here should be interpreted cautiously.

To provide a solid empirical base for this analysis, Part II presents a profile of AFDC recipients living in assisted housing, and includes indicators that define the target groups that are the focus of each proposal. Part III discusses the likely effects of select provisions of each welfare reform proposal on housing programs. The key findings are summarized in Part IV. Part V presents some implications of this research.

## II. A Profile of AFDC Recipients in Assisted Housing<sup>11</sup>

In 1993, an estimated 1.15 million of the 4.98 million—or roughly 23%—of households receiving AFDC in any single month

9. PRA, *supra* note 8.

10. A prime example is the availability of data on the current spell of AFDC receipt only, rather than the cumulative number of months of receipt. The latter is the criterion used in the time limits proposed by both the WRA and the PRA. This particular data problem will result in an underestimation of the effects of these provisions.

11. All data presented in this section come from the 1993 file of the AFDC-Quality Control (QC) Database. U.S. DEPT. OF HEALTH & HUMAN SERVS., AFDC-Quality Control (QC) Database, Washington, D.C. (1993) [hereinafter AFDC-QC data]. The purpose of the AFDC-QC data is to calculate error rates in AFDC benefits. These data are based on a systematic probability sample of AFDC active cases in each state. Data collection is composed of three parts: (a) a desk review of the sample case's records; (b) a personal interview with the AFDC household plus

were also receiving some form of housing assistance. As shown in Table 1, there are three broad categories of housing assistance:

- *traditional public housing*, which is funded by the U.S. Department of Housing and Urban Development (HUD) and administered by local public housing agencies (PHAs);
- *other HUD rental assistance*, which includes a combination of tenant-based assistance (Section 8 certificates and vouchers) and project-based assistance (e.g., Section 8 New Construction/Substantial Rehabilitation; Section 236) and rental assistance funded by HUD and administered by the PHAs or HUD field offices; and
- *other rental assistance*, which is a catch-all category that includes programs of the Farmer's Home Administration (e.g., Section 515), as well as state and local rent subsidy programs.

**Table 1. AFDC Households by Housing Assistance Program**

| Category              | Number    | Percent |
|-----------------------|-----------|---------|
| Public housing        | 437,521   | 38.1    |
| HUD rent subsidy      | 625,577   | 54.4    |
| Other rent subsidy    | 86,190    | 7.5     |
| Total AFDC households | 1,149,288 | 100.0   |

*Source:* Weighted estimates derived from a sample of 14,702 households participating in one of these three categories of housing programs as identified by the 1993 AFDC-QC data.

Although the specific design of these housing assistance programs varies, the primary feature that is relevant for this discussion is the same in all three programs. Households participating in housing assistance programs contribute a fixed proportion of their income, 30%, towards rent. The government pays the difference between the cost of the rental unit and the tenant's rent contribution.<sup>12</sup> Thus, the lower the recipient's income, the greater the share of the

review of additional documents provided by the household; and (c) a collateral documentation review. U.S. DEP'T OF HEALTH & HUMAN SERVS., *Page Revisions to the AFDC Quality Control Manual, Section 3000, Case Review Process* (undated). Because the large majority of states do not count receipt of housing assistance as income in calculating benefits, it is unlikely that reviewers devote much time to precise verification of whether the household does, or does not, receive housing assistance. Thus, the housing assistance measure probably contains some error. Interview with Thomas O'Connell, U.S. Dept. of Health & Human Servs. (Feb. 7, 1995).

12. See, e.g., 42 U.S.C.A. § 1437a(a)(1) (1992).

rent paid by the government. In the extreme case of a recipient who has no income, the government pays the total rent.

AFDC households are not evenly represented within these different programs. More than half of the AFDC households that receive housing assistance are subsidized through the mix of HUD rental-assistance programs, nearly 40% live in public housing, and fewer than 10% receive rental subsidies from some other source.<sup>13</sup>

Despite these variations by program type, several characteristics of AFDC households receiving housing assistance are generally similar across these different housing programs. Table 2 summarizes a range of attributes of these households.<sup>14</sup> On average, the heads of AFDC households receiving housing assistance are about 32 years old.<sup>15</sup> Nearly all heads of these households are female.<sup>16</sup> In addition, the majority of these households consist of three or fewer members, though households living in public housing are generally larger than those participating in the other housing programs.<sup>17</sup> Other data not shown in Table 2 indicate that the size of the AFDC unit itself is smaller.<sup>18</sup> Six percent of AFDC units consist of one individual (the recipient), and the median is roughly two persons. While the heads of AFDC families across all three program types are approximately equally likely to be high school graduates, those residing in public housing are the least likely to have higher education.

13. See *supra* tbl. 1.

14. See *infra* tbl. 2. Note that most of the variables included in Table 2 refer to the total household unit, which may include individuals not receiving AFDC.

15. The average age of AFDC households varies by less than one year across the three programs. Because individuals 24 years of age and younger are the target group for reforms under the WRA, *supra* note 7, at 7, it should be noted that roughly 23% of AFDC housing assistance recipients fall into this group. See *infra* tbl. 2.

16. See *infra* tbl. 1. Eligibility for two-parent families is currently limited to those where the principal wage earner is unemployed (working less than 100 hours in a month) and has worked during six of the last thirteen quarters. WRA, *supra* note 7, at 43.

17. See *infra* tbl. 2. This measure of household size includes both members of the AFDC unit as well as other household members who are not receiving AFDC.

18. Calculations and data not used in tables are available from the author.

Table 2. Characteristics of AFDC Households by Type of Housing Assistance

|                                                 | Public<br>Housing | HUD Rent<br>Subsidy | Other Rent<br>Subsidy | Total |
|-------------------------------------------------|-------------------|---------------------|-----------------------|-------|
| Age of head (percent)                           |                   |                     |                       |       |
| Under 18                                        | .6                | .2                  | .7                    | .4    |
| 18 to 21                                        | 11.7              | 9.1                 | 9.7                   | 10.1  |
| 22 to 24                                        | 12.5              | 12.3                | 12.6                  | 12.4  |
| 25 to 29                                        | 23.5              | 22.4                | 21.4                  | 22.8  |
| 30 to 49                                        | 45.6              | 51.6                | 51.4                  | 49.3  |
| 50 to 64                                        | 4.7               | 3.6                 | 3.5                   | 4.0   |
| 65+                                             | .6                | .3                  | .8                    | 1.0   |
| Unknown/missing                                 | .7                | .5                  | .4                    | .6    |
| All households*                                 | 100.0             | 100.0               | 100.0                 | 100.0 |
| Mean age (years)                                | 31.6              | 31.8                | 32.0                  | 31.7  |
| (st. dev.)                                      | (9.5)             | (8.7)               | (9.1)                 | (9.1) |
| Sex of head (percent)                           |                   |                     |                       |       |
| Male                                            | 4.3               | 5.1                 | 5.1                   | 4.8   |
| Female                                          | 95.2              | 94.4                | 94.5                  | 94.7  |
| Unknown/missing                                 | .6                | .4                  | .4                    | .5    |
| All households*                                 | 100.0             | 100.0               | 100.0                 | 100.0 |
| Household size (percent) <sup>a</sup>           |                   |                     |                       |       |
| One                                             | .5                | .1                  | .4                    | .3    |
| Two                                             | 25.0              | 27.6                | 25.2                  | 26.4  |
| Three                                           | 30.4              | 32.8                | 31.7                  | 31.8  |
| Four or more                                    | 44.1              | 39.5                | 42.7                  | 41.5  |
| All households*                                 | 100.0             | 100.0               | 100.0                 | 100.0 |
| Education of head (percent)                     |                   |                     |                       |       |
| Grade school or less                            | 5.1               | 4.3                 | 4.2                   | 4.6   |
| Some high school                                | 19.4              | 16.9                | 18.2                  | 18.0  |
| High school graduate                            | 21.2              | 26.2                | 26.3                  | 24.3  |
| Some college                                    | 5.0               | 9.7                 | 10.7                  | 8.0   |
| College graduate or more                        | .2                | .5                  | .8                    | .4    |
| Unknown/missing                                 | 49.1              | 42.4                | 39.9                  | 44.8  |
| All households*                                 | 100.0             | 100.0               | 100.0                 | 100.0 |
| Employment status of head (percent)             |                   |                     |                       |       |
| Employed                                        | 5.3               | 7.3                 | 6.6                   | 6.5   |
| Not employed                                    | 82.2              | 77.4                | 81.3                  | 79.5  |
| Unemployed                                      | 9.3               | 12.7                | 10.1                  | 11.2  |
| Unknown/missing                                 | 3.2               | 2.6                 | 2.0                   | 2.8   |
| All households*                                 | 100.0             | 100.0               | 100.0                 | 100.0 |
| Employment hours <sup>b</sup> of head (percent) |                   |                     |                       |       |
| 1-9 hrs/wk                                      | 2.8               | 6.5                 | 5.1                   | 5.1   |
| 10-19 hrs/wk                                    | 11.3              | 16.1                | 10.0                  | 14.0  |
| 20-29 hrs/wk                                    | 8.5               | 12.5                | 16.3                  | 11.3  |
| 30-39 hrs/wk                                    | 18.2              | 21.6                | 23.0                  | 20.5  |
| 40 hrs/wk or more                               | 7.7               | 7.2                 | 12.3                  | 7.7   |
| Work hours not known                            | 13.7              | 9.8                 | 10.0                  | 11.2  |
| Unknown/missing                                 | 37.8              | 26.4                | 23.4                  | 30.2  |
| All households*                                 | 100.0             | 100.0               | 100.0                 | 100.0 |

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|----------------------------------------------------------------------|-------------------|---------------------|-----------------------|------------|
| Outside income/month <sup>c</sup>                                    | \$31.87           | \$43.10             | \$43.77               | \$38.88    |
| (st. dev.)                                                           | (\$122.23)        | (\$174.47)          | (\$138.70)            | (\$154.03) |
| AFDC payment/month                                                   | \$335.14          | \$360.73            | \$423.62              | \$355.71   |
| (st. dev.)                                                           | (\$174.04)        | (\$188.29)          | (\$229.44)            | (\$187.86) |
| Median                                                               | \$311             | \$324               | \$403                 | \$324      |
| Race/ethnicity of head (percent)                                     |                   |                     |                       |            |
| White, non-Hispanic                                                  | 23.0              | 35.3                | 33.8                  | 30.5       |
| Black, non-Hispanic                                                  | 55.7              | 43.5                | 36.6                  | 47.6       |
| Hispanic                                                             | 15.4              | 14.8                | 22.2                  | 15.6       |
| Other                                                                | 2.9               | 5.2                 | 5.8                   | 4.4        |
| Unknown/missing                                                      | 3.1               | 1.2                 | 1.6                   | 2.0        |
| All households*                                                      | 100.0             | 100.0               | 100.0                 | 100.0      |
| Duration on AFDC (months) <sup>d</sup>                               | 46.56             | 47.55               | 43.53                 | 46.88      |
| (st. dev.)                                                           | (49.34)           | (46.20)             | (46.31)               | (47.44)    |
| Median                                                               | 32                | 34                  | 29                    | 33         |
| 24 months or longer (percent)                                        | 62.5              | 65.4                | 59.6                  | 63.8       |
| 60 months or longer (percent)                                        | 28.7              | 30.7                | 24.9                  | 29.5       |
| Disability status of head (percent)                                  |                   |                     |                       |            |
| Disabled                                                             | 8.3               | 6.9                 | 6.4                   | 7.4        |
| Not disabled, 60 yrs old                                             | .7                | .6                  | .8                    | .6         |
| Not disabled, < 60 yrs old                                           | 87.3              | 89.7                | 90.9                  | 88.9       |
| Unknown/missing                                                      | 3.7               | 2.8                 | 2.0                   | 3.1        |
| All households*                                                      | 100.0             | 100.0               | 100.0                 | 100.0      |
| Children with unmarried parents, paternity not established (percent) | 32.6              | 32.2                | 28.1                  | 32.0       |
| Immigrant status of head (percent)                                   |                   |                     |                       |            |
| Legal or illegal immigrant                                           | 4.0               | 5.3                 | 8.6                   | 5.0        |
| Citizen                                                              | 92.8              | 93.1                | 90.8                  | 92.8       |
| Unknown/missing                                                      | 3.2               | 1.7                 | .7                    | 2.2        |
| All households*                                                      | 100.0             | 100.0               | 100.0                 | 100.0      |

Source: Weighted estimates derived from a sample of 14,702 households participating in one of these three categories of housing programs as identified by the 1993 AFDC-QC data.

Note: Duration, paternity, and AFDC payment variables pertain to AFDC recipients only.

<sup>a</sup> Household size includes the AFDC unit plus other household members not receiving AFDC.

<sup>b</sup> Employment hours shown for those who reported some work.

<sup>c</sup> Gross income pertains to the AFDC unit plus other household members not receiving AFDC.

<sup>d</sup> Duration reflects number of months since last opening, not cumulative months since first receipt of AFDC.

\* Components may not add to 100.0 due to rounding.

More than 90% of household heads are not working. The large majority are "not employed"; that is, they are neither working nor

are they looking for work.<sup>19</sup> Other calculations not shown in Table 2 indicate that of the roughly 80% of AFDC household heads in this "not employed" category, roughly 17% are enrolled in an education or training program.<sup>20</sup> Another 11.2% of households are classified as "unemployed" because they are either laid off or are looking for work, while only 6.5% are employed either full- or part-time.<sup>21</sup> Among this 6.5% who reported some work hours, roughly 30% worked less than full time in a typical month, while nearly an equal proportion worked 30 hours or more per week in that month.<sup>22</sup> The WRA proposes an exemption from its reform provisions for anyone working 20 hours or more.<sup>23</sup> This exemption group includes slightly more than 50% of those reporting work hours who live in assisted housing.<sup>24</sup> Because more than 90% of household heads are *not* working, however, this proportion drops to only approximately 4% when all AFDC households are included in the calculation.<sup>25</sup>

In view of these labor force participation statistics, it is not surprising that the outside income (e.g., earnings) in these households is extremely low, averaging less than \$40 per month across all housing programs.<sup>26</sup> The large majority of families are living solely on their AFDC payments, which are roughly \$356 per month among these households.<sup>27</sup>

In contrast to the characteristics just reviewed, which are generally invariant across the three types of housing assistance programs, the race and ethnicity of AFDC households are not evenly distributed across housing programs. Nearly two-thirds of AFDC households are members of a racial or ethnic minority, and the proportion of African-Americans in public housing (55.7%) is about 50% greater than that in the non-HUD rental assistance programs, and about 28% greater than that in other HUD programs.<sup>28</sup>

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19. See *supra* tbl. 2.

20. Author's calculations use 1993 AFDC-QC data. See *supra* note 11.

21. See *supra* tbl. 2.

22. See *id.*

23. See WRA, *supra* note 7, at 18.

24. Author's calculation using 1993 AFDC-QC data, *supra* note 11.

25. *Id.*

26. See *supra* tbl. 2.

27. *Id.*

28. *Id.*

### III. Effects of Current Welfare Reform Proposals on Housing Assistance

A central focus of both the WRA and the PRA is the duration of welfare receipt. Both bills would impose time limits on the total number of months an individual could receive benefits. Under the WRA, benefits are curtailed 24 months after the recipient's eighteenth birthday,<sup>29</sup> while under the PRA, benefits are curtailed after 60 months, but states have the option to shorten the time period to 24 months and to set the age of eligibility.<sup>30</sup> As shown in Table 2, approximately 30% of AFDC households that also receive some form of housing assistance have been receiving AFDC benefits for an average of nearly 4 years, while the median is slightly less than 3 years.<sup>31</sup> This measure of duration, however, understates the actual total number of months that a household has received AFDC benefits, because it pertains solely to the amount of time that has passed since the AFDC household began its current spell of welfare receipt, not the *cumulative* number of months of AFDC receipt over the recipient's lifetime. It is the latter measure that would trigger the time limit provisions of both the WRA and the PRA.<sup>32</sup> Even these underestimates, however, suggest that these time limits would affect a high proportion of current AFDC households receiving housing assistance.

The disabled or those caring for a disabled family member, and a phased-in group of those 60 years of age or older, are among those who would be exempt from the reforms of the WRA.<sup>33</sup> An estimated 8% of AFDC recipients living in assisted housing meet these exemption criteria.<sup>34</sup>

By contrast, the PRA would exclude from AFDC coverage all children whose paternity has not been established.<sup>35</sup> In 1993, nearly one-third of the children on AFDC and living in assisted housing were in this category.<sup>36</sup> The PRA would also drop all legal immigrants from coverage,<sup>37</sup> which would affect an estimated 5% of AFDC recipients in assisted housing.

29. See WRA, *supra* note 7, at 19.

30. See PRA, *supra* note 8, at § 202a(29)(E).

31. See *supra* tbl. 2.

32. PRA, *supra* note 8, § 202(a)(29)(E); WRA, *supra* note 7, at 18.

33. See WRA, *supra* note 7, at 8-9.

34. See *supra* tbl. 2.

35. See PRA, *supra* note 8, at § 105.

36. See *supra* tbl. 2.

37. PRA, *supra* note 8, § . 401. Those accorded refugee status would not be dropped, however.

### A. Simulated Impacts of the Work and Responsibility Act on the Housing Assistance System

As noted earlier, the simulations in this Article are based on three key features of the WRA and the PRA: (i) time limits on the receipt of AFDC assistance; (ii) eligibility criteria; and (iii) work requirements. Under the WRA, any custodial parent 24 years of age or younger<sup>38</sup> who has accumulated 24 months of AFDC since turning 18 years of age would be required to work, either in wage-paying unsubsidized jobs, or in subsidized jobs known as the WORK program.<sup>39</sup> Three groups would be exempt from these provisions, however:

- a single parent with a child younger than 12 months except if the child was conceived while the parent was on AFDC;<sup>40</sup>
- anyone working part time or more (at least 20 hours per week);<sup>41</sup>
- anyone disabled, caring for a disabled family member, or 60 years of age or older.<sup>42</sup>

In the short run, the main effect of these WRA provisions on the housing assistance system would arise from the potential increases in income of those AFDC recipients who would join the workforce. These increases in income would concomitantly increase the absolute amount of rent paid out of pocket by the recipients (though the limitation of the housing subsidy to 30% of income would remain in place). Because, as noted earlier, housing subsidies cover the difference between 30% of the recipient's income and the rent,<sup>43</sup> under a fully implemented WRA, the total housing subsidy required to maintain these recipients in assisted housing would decline.

Several assumptions have been made in order to estimate these budgetary impacts. To arrive at estimates of the proportion of AFDC recipients who would be affected by these provisions, this

38. The WRA actually defines this group as anyone born after 1971. Because the bill was expected to become effective in 1996, we have translated this provision into age 24 in 1993. WRA, *supra* note 7, at 7.

39. WRA, *supra* note 7, at 12-13.

40. If a child was conceived while the parent was on AFDC, the WRA allows a 12-week deferral. The simulations presented here are not fine-grained enough to take account of this exclusion. WRA, *supra* note 7, at 2.

41. WRA, *supra* note 7, at 18.

42. Note that those 60 or older are irrelevant to the simulations for 1993 that are restricted to those 24 years of age or younger. They are listed here in the interest of accuracy because they constitute a group that would be phased in over time. See WRA, *supra* note 7, at 8-9.

43. See, e.g., 42 U.S.C. § 1437a(a)(1) (1992).

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analysis has adopted the Clinton Administration's projections for fiscal year 2004, the year the program was expected to be fully implemented.<sup>44</sup> According to these estimates, 33% of AFDC recipients 24 years of age or younger would be participating in the subsidized WORK program, and the remaining target group members would be working either full- or part-time.<sup>45</sup> The Clinton Administration's projections set total income for those participating in WORK as equal to the AFDC grant. Total earnings for participants working in unsubsidized jobs has been set to the earnings achieved by participants in the Riverside, California site of the GAIN program.<sup>46</sup> In addition, to arrive at a total income figure, any outside income a family may have had prior to the WRA was added to their earnings.<sup>47</sup> Finally, because the WRA does not propose to terminate assistance completely after the two-year time limit, no one was allowed to fall below the current AFDC grant amount.<sup>48</sup>

Table 3 shows the estimated number of AFDC households presently receiving housing assistance that would have been affected by the WRA had it been implemented in 1993.<sup>49</sup> According to these simulations, 98,335 households fall into the non-exempt target group that is the focus of reforms in the WRA (target group minus exempt group).<sup>50</sup> These households represent somewhat less than 10% of all AFDC households that received housing assistance in 1993.<sup>51</sup>

44. See WRA, *supra* note 7, at 8, tbl. 1.

45. Although the administration projects that 50.6 % of the target group would work full-time and 16 percent would work part-time, we were not able to take these variations in work hours into account in our simulations. *Id.*

46. In particular, we used the income distribution for those in the experimental group at the third-year follow-up. JAMES RICCIO ET AL., MANPOWER DEMONSTRATION RESEARCH CORPORATION, GAIN: BENEFITS, COSTS, AND THREE-YEAR IMPACTS OF A WELFARE-TO-WORK PROGRAM 127 (SEPT. 1994). GAIN IS CALIFORNIA'S WELFARE-TO-WORK PROGRAM IMPLEMENTED UNDER THE 1988 FAMILY SUPPORT ACT. OF ALL THE STATE WELFARE-TO-WORK PROGRAMS, IT IS GENERALLY CONSIDERED TO BE THE ONE THAT MOST CLOSELY RESEMBLES THE EDUCATION, TRAINING AND WORK PROVISIONS OF THE WRA. FAMILY SUPPORT ACT, *supra* note 1.

47. Although the administration's proposed bill emphasizes the substantial contribution of the Earned Income Tax Credit (EITC) to boosting the earnings of these new workers, WRA, *supra* note 7, at 1, we have not added the EITC to income because it is not counted as income in housing assistance programs.

48. See WRA, *supra* note 7, at 18. Further details on the simulations are given in the Technical Appendix, *supra*.

49. See *infra* tbl. 3.

50. *Id.*

51. *Id.*

**Table 3. Estimated Number of AFDC Assisted Housing Residents Potentially Affected by the WRA**

|                                                                         | Number of Households | Percent of AFDC Housing Assistance Recipients |
|-------------------------------------------------------------------------|----------------------|-----------------------------------------------|
| Target group                                                            |                      |                                               |
| Non-exempt parents 24 or younger on AFDC for 24 months since turning 18 | 114,518              | 10.0                                          |
| Exempt                                                                  |                      |                                               |
| Disabled, caring for disabled, young child, 60 or older <sup>a</sup>    | 16,183               | 1.4                                           |
| Non-exempt target group                                                 | 98,335               | 8.5                                           |

Source: Weighted estimates derived from a sample of 14,702 households participating in one of these three categories of housing programs as identified by the 1993 AFDC-QC data.

<sup>a</sup> 60 or older are part of phased-in group. See WRA, *supra* note 7, at 8-9.

Table 4 summarizes the simulated impact of the WRA reforms on labor force participation and income.<sup>52</sup> Prior to a full implementation of the WRA, only 5,366 households in the non-exempt target group were working either full- or part-time, representing less than 1% of all AFDC households in assisted housing.<sup>53</sup> After WRA implementation, this proportion is projected to grow to 8.5% of all such households, with nearly 6% working in unsubsidized employment and another 3% in the subsidized WORK program.<sup>54</sup> Total income (earnings or welfare benefits plus outside income) is projected to increase by about 30% from an average of \$4619 pre-WRA to an average of \$6022 post-WRA.<sup>55</sup>

Table 5 shows the simulated effects of these WRA reforms on the HUD budget.<sup>56</sup> The projected 30% increase in incomes of the

52. See *infra* tbl. 4.

53. *Id.*

54. *Id.*

55. *Id.*

56. See *infra* tbl. 5. Although we restrict our analyses to effects on the HUD budget, it should be recalled that the third category of housing assistance included in the database used in this Essay includes non-HUD sources of subsidy (e.g., Farmer's Home, state and local programs). Roughly 7.5 % of AFDC recipients in assisted housing receive assistance from this third source. AFDC-QC data, *supra* note 11. Because we are unable to project separately the effects of the welfare reform bills on individuals receiving housing subsidies from different sources, we assume for the pur-

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**Table 4. Simulated Effects of the WRA on the Profile of AFDC Recipients Receiving Housing Assistance**

|                             | Pre-WRA    |    | Post-WRA   |     |
|-----------------------------|------------|----|------------|-----|
|                             | Households | %  | Households | %   |
| Employment status           |            |    |            |     |
| Working in unsubsidized job | 5366       | .5 | 65,801     | 5.7 |
| In WORK program             | 0          | 0  | 32,409     | 2.8 |
| Total income                |            |    |            |     |
| Mean                        | \$4619     | —  | \$6022     | —   |

Source: Weighted estimates derived from a sample of 14,702 households participating in one of these three categories of housing programs as identified by the 1993 AFDC-QC data.

Note: Based on 100 simulations. See *infra* Technical Appendix for details.

non-exempt target group would result in a \$41.4 million decline in the HUD subsidies required to sustain these households in assisted housing.<sup>57</sup> As a frame of reference, this reduction would have represented only .17% of HUD budget outlays of more than \$24 billion in fiscal year 1992, and .26% of HUD budget outlays of \$16 billion for assisted-housing payments (including Section 8, Section 236, and public housing).<sup>58</sup>

**Table 5. Simulated Effects of the WRA on the HUD Budget**

|          | Increase in<br>Annual Income | Decrease in<br>Annual HUD<br>Expenditures |
|----------|------------------------------|-------------------------------------------|
| Minimum  | \$ 993                       | \$29,307,145                              |
| Maximum  | \$1787                       | \$52,702,783                              |
| Average  | \$1403                       | \$41,376,110                              |
| St. Dev. | \$ 180                       | \$ 5,297,326                              |
| Median   | \$1377                       | \$40,626,182                              |

Source: Weighted estimates derived from a sample of 14,702 households participating in one of these three categories of housing programs as identified by the 1993 AFDC-QC data.

Note: Based on 100 simulations. See *infra* Technical Appendix for details.

poses of these estimates that all of the impacts are on the HUD budget. The estimated impacts on HUD outlays, therefore, will be somewhat overestimated.

57. See *infra* tbl. 5.

58. U.S. DEP'T OF HOUSING & URBAN DEV., FY 1994 BUDGET SUMMARY I-1, H-23 (1993).

### B. Estimated Impacts of the Personal Responsibility Act on the Housing Assistance System

Although the PRA proposal is prospective and would therefore apply only to new entrants to the AFDC system, this analysis estimates the nature and extent of effects that this bill would have had on the housing assistance system if its provisions had been in effect in a typical month in 1993. Therefore, the effects of select provisions on the profile of 1993 AFDC recipients who also received housing assistance and on HUD's fiscal year 1992 budget have been computed.

The PRA proposal examined here offers a basic set of provisions covering time limits and eligibility restrictions.<sup>59</sup> It also offers several alternatives to these provisions, which states can elect at their option.<sup>60</sup> While assessing all of the possible variations associated with these options is far beyond the scope of this Article, there appear to be four main alternatives for estimating impacts.<sup>61</sup> Three conditions apply to all four computations: (1) dropping all children whose paternity has not been established; (2) dropping all pregnant recipients; and (3) dropping all legal immigrants. The four variations are as follows:

#### Scenario 1:

1. Drop all those on aid for 60 months or more.
2. Drop all women who became mothers when they were younger than 18, no father present.

#### Scenario 2:

1. Drop all those on aid for 60 months or more.
2. Drop all women who became mothers when they were younger than 21, no father present.

#### Scenario 3:

1. Drop all those on aid for 24 months or more.
2. Drop all women who became mothers when they were younger than 18, no father present.

#### Scenario 4:

1. Drop all those on aid for 24 months or more.
2. Drop all women who became mothers when they were younger than 21, no father present.

59. Because the thrust of the PRA's work requirements is that those continuing to receive AFDC would be required to work for their AFDC benefits, there was no need to include this feature in the simulations. PRA, *supra* note 8, at § 202.

60. See, e.g., PRA, *supra* note 8, at § 107, tit. VI.

61. These four alternatives are also reasonable approximations of the options states would select under a block grant approach. See PRA, *supra* note 8, at § 601.

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The first scenario is the basic proposal set forth in the PRA for modifying the current AFDC program,<sup>62</sup> while scenarios 2-4 are available to states at their option.<sup>63</sup> With few hard estimates of the PRA's projected effects on earnings available, this analysis estimates the effects of what might be considered the "best case" and "worst case" for each of these four scenarios. The "best case" is defined as half of all households in the target groups working full-time and earning the minimum wage, and the other half receiving the AFDC benefit that would remain after dropping all ineligible in the household. The "worst case" assumes that the only income available to the household is the AFDC benefit (plus any outside income) that remains after implementing the PRA exclusions.<sup>64</sup>

Table 6 summarizes the estimated effects of these changes in AFDC on the incomes of AFDC recipients living in assisted housing, and on the HUD budget.<sup>65</sup> In contrast to the WRA, which would affect less than 10% of all AFDC households receiving housing assistance, the PRA would affect anywhere from 64.5% to 86.2% of such households.<sup>66</sup> Even under the best case conditions, AFDC household incomes would decline under all scenarios, ranging from 3% to 4% under scenarios 1 and 2, to between 12% and 14% for scenarios 3 and 4.<sup>67</sup> Under the worst case conditions, incomes would drop dramatically to between one-third and one-fifth their size prior to implementation of the PRA.<sup>68</sup>

*assumes*

Assuming these individuals continue to reside in assisted housing, the budgetary impact on assisted housing programs is in most cases substantially greater than the impact that would be caused by the WRA. Moreover, the impact of the PRA is to *increase* these expenditures, not reduce them. These increases range from a low of roughly \$38 million under scenario 2 (best case) to a high of \$1.1 billion under scenario 4 (worst case), which is the most restrictive of the four scenarios.<sup>69</sup> According to these rough estimates, the latter would have represented a 4.5% increase in HUD outlays in fiscal year 1992, and an increase of 6.9% in outlays for assisted-housing payments. The average of the worst case and best case

62. See PRA, *supra* note 8.

63. PRA, *supra* note 8, at tit. VI.

64. Further details on these computations are given in the Technical Appendix, *infra*.

65. See *infra* tbl. 6.

66. *Id.*

67. *Id.*

68. *Id.*

69. See *infra* tbl. 6.

conditions for scenario 1—requiring an increase in subsidies of about \$358 million—would have represented about a 1.5% increase in total HUD outlays and a 2.2% increase in outlays for assisted housing.<sup>70</sup>

Another feature of the PRA that would affect housing assistance subsidies is the imposition of an aggregate cap on expenditures for a number of low-income assistance programs including housing assistance.<sup>71</sup> The cap would be set by taking the previous year's expenditures and adjusting them for inflation and for the change in the size of the poverty population.<sup>72</sup> The most rudimentary way to assess the effect that this cap would have had on allowable housing expenditures in fiscal year 1992 is to apply this formula to HUD's budget outlays in fiscal year 1991.<sup>73</sup> This yields an estimated \$24.9 billion that would have been available for housing assistance subsidies in fiscal year 1992. Although this number is slightly greater than HUD's actual budget outlays in fiscal year 1992,<sup>74</sup> it would not have been sufficient to cover the projected increase in demand for housing subsidies associated with the worst case conditions for all four scenarios shown in Table 5.<sup>75</sup>

This rudimentary approach to estimating the effect of the cap is incomplete, however, because it does not account for the fact that dollars for housing would likely be competing directly with dollars for the other programs that also fall under the cap including AFDC, SSI and child support enforcement.<sup>76</sup> Estimating these effects would require simulations of alternative scenarios regarding changes in the demand for the different programs, which is far beyond the scope of this Article.

One such scenario, for example, is an increase in the number of families applying for AFDC, SSI or other programs under the cap, as would be expected to occur during an economic recession. How this, or another, change in demand would affect funds available for housing assistance depends on what option Congress and program

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70. *Id.*

71. See PRA, *supra* note 8, at § 301(a), (b)(3).

72. PRA, *supra* note 8, at § 301(a).

73. Between 1991 and 1992, inflation increased by 2.6% and the poverty population increased by 3.4%. U.S. BUREAU OF THE CENSUS, STATISTICAL ABSTRACT OF THE U.S.: 1994 475, 487 (1994).

74. U.S. DEP'T OF HOUSING & URBAN DEV., FY 1994 BUDGET SUMMARY I-1, H-23 (1993).

75. See *infra* tbl. 5.

76. PRA, *supra* note 8, at § 301(b).

administrators choose for reducing benefits.<sup>77</sup> According to projections by the Congressional Budget Office, a proportional approach would produce nearly a \$10 billion reduction in funding for housing assistance between 1997 and 1999 (\$1.9 billion in 1997, \$3.2 billion in 1998, and \$4.5 billion in 1999).<sup>78</sup> Thus, none of the increased demand for housing subsidies by AFDC recipients affected by the PRA under any of our four scenarios could have been absorbed if the aggregate cap had been in effect in 1993.

#### IV. Summary

This Essay has presented rough estimates of the effects of the welfare reform proposals discussed in late 1994 by the two main political parties on the housing assistance system. The question addressed is what effects select provisions of these proposals would have had on the profile of housing assistance recipients and on budget outlays for housing subsidies if these provisions had been in effect in 1993, the latest year for which requisite data is available. As noted at the outset, these estimates are hampered by data inadequacies, the lack of details on key aspects of these proposals, and the difficulty in forecasting behavioral changes that might occur in response to these reforms. Therefore, the rough nature of these estimates should be borne in mind.

The Clinton Administration's Work and Responsibility Act would place a two-year limit on the duration of AFDC receipt for custodial parents 24 years old or younger.<sup>79</sup> After the two-year limit has been reached, the Administration projects that 67% of recipients would be working in full- or part-time unsubsidized jobs, and the remaining 33% would be participating in the subsidized WORK program.<sup>80</sup> Of the roughly 1.15 million AFDC households receiving housing assistance, our analysis suggests that 98,335 would be affected by these WRA provisions, or about 8.5% of all AFDC housing assistance recipients.<sup>81</sup> Labor force participation would increase from less than 1% of AFDC households prior to the WRA to 8.5% after implementation of the WRA, concomitantly increasing annual income from \$4619 to \$6022.<sup>82</sup> Because

77. DAN BLOOM ET AL., *THE PERSONAL RESPONSIBILITY ACT: AN ANALYSIS* 14 (1994).

78. *Id.*

79. WRA, *supra* note 7, at 2.

80. See WRA, *supra* note 7, at 8, tbl.1.

81. See *supra* tbl. 3.

82. See *supra* tbl. 4.

incomes would increase, so would the out-of-pocket amount paid in rent by recipients, thereby reducing the housing subsidy required to maintain these households in assisted housing. The rough estimates presented here suggest that these subsidies would decline by \$41.4 million, on average.<sup>83</sup> Though not an insignificant sum, this budget reduction is dwarfed by the much larger HUD budget, representing only .17% of total HUD budget outlays and .26% of HUD outlays for assisted housing in fiscal year 1992.

The Republican Party's Personal Responsibility Act would affect housing assistance recipients by deeming several subgroups ineligible for AFDC, by imposing time limits on the receipt of income assistance, and by dropping young mothers from the rolls. The rough estimates presented here suggest that these reforms would have affected between 64.5% and 86.2% of AFDC households living in assisted housing in 1993, and household income would have declined by between 3% and 14%.<sup>84</sup> As a result, out-of-pocket payments for rent would have declined, requiring housing subsidies to increase if these households were to remain in assisted housing. The projected size of this increase varies widely, depending on one's assumptions about how the reform options offered by the PRA were actually implemented and the behavioral impacts they engendered. Under a "best case" scenario in which half of all households in the target groups worked full time and earned the minimum wage, subsidies would have had to increase by anywhere from \$38 million to \$155 million in 1993.<sup>85</sup> Under a "worst case" scenario, where it is assumed that the only income available to the household was the AFDC benefit that remained after all groups targeted for ineligibility or time limits were dropped, the fiscal year 1992 HUD budget would have had to increase by between \$674 million to \$1.1 billion.<sup>86</sup> Furthermore, if the cap on annual expenditures also proposed by the PRA had been in effect in fiscal year 1992, the HUD budget would have been insufficient to cover the increased demand for housing subsidies caused by these reforms.

## V. Conclusion

One implication of this research is that changes in policy targeted on the welfare system reverberate, in potentially dramatic ways, on the housing assistance system. In view of these ripple ef-

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83. *See supra* tbl. 5.

84. *See supra* tbl. 6.

85. *See infra* tbl. 6.

86. *Id.*

fects, it is unfortunate that the housing sector is playing what by all accounts is an insignificant role in the current welfare reform activity. But what is housing bringing to the table? One impediment to a stronger voice for the housing sector may be the lack of information and analysis on the implications of welfare reform for the housing system. This Article represents an initial attempt to fill this information gap through one type of analysis, namely, simulation and projection of the effects of alternative policy changes, using one database. But it is only a first attempt at this question which, given its complexity, warrants greater scrutiny using multiple data sources. Unfortunately, developing and supporting solid databases and analytic capacity require substantial long-term investments in research. In the present fiscal and political climate, such investments by the public sector are extremely unlikely.

A second implication concerns the possible salutary effects of job training and employability programs on the housing assistance system, in general, and on housing assistance recipients, in particular. Even if one discounted what may be overly optimistic projections by the Clinton Administration of the numbers of welfare recipients who would become employed in unsubsidized jobs under the WRA,<sup>87</sup> the more general point is that job training assistance may have some level of beneficial effects that extend to the housing sector. These effects include budgetary savings in public sector housing programs, possible reductions in reliance on housing assistance among some proportion of households who move up and out (or off) of assisted housing and, because of greater turnover in recipients, the ability to reach additional households in need of housing assistance. Arguably, these effects would be at least as great, and probably greater, if employability assistance were available to non-welfare recipients in assisted housing as well. Thus, whether or not the current round of welfare reform activity implements a strong employability component, the housing assistance system should strongly consider expanding its own role in this area.

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87. See WRA, *supra* note 7, at 8, tbl.1.

Table 6. Estimated Effects of the PRA on the HUD Budget

|             | Number of Households | % of AFDC Housing assistance Recipients | Pre-PRA Income | Post-PRA                  |                              |                          |                              |
|-------------|----------------------|-----------------------------------------|----------------|---------------------------|------------------------------|--------------------------|------------------------------|
|             |                      |                                         |                | "Worst Case" <sup>a</sup> | Increase in HUD Expenditures | "Best Case" <sup>b</sup> | Increase in HUD Expenditures |
| Scenario #1 | 741,231              | 64.5                                    | \$4783         | \$1750                    | \$ 674,339,350               | \$4594                   | \$ 41,985,548                |
| Scenario #2 | 861,060              | 74.9                                    | \$4777         | \$1820                    | \$ 763,856,659               | \$4629                   | \$ 38,311,143                |
| Scenario #3 | 925,326              | 80.5                                    | \$4782         | \$ 967                    | \$1,059,146,646              | \$4202                   | \$161,009,500                |
| Scenario #4 | 990,992              | 86.2                                    | \$4768         | \$1054                    | \$1,104,234,638              | \$4246                   | \$155,293,401                |

Source: Weighted estimates derived from a sample of 14,702 households participating in one of these three categories of housing programs as identified by the 1993 AFDC-QC data.

Note: Scenarios 1-4 defined *supra* part III.B.

<sup>a</sup> Worst case = income consists of AFDC benefit (plus any outside income) after exclusions required by the PRA.

<sup>b</sup> Best case = 50% of households earn minimum wage of \$4.25/hour and work 35 hours per week for 50 weeks. The other 50% are set to the worst case condition.

### Technical Appendix

#### I. Simulation and Computation of Effects of the Work and Responsibility Act (WRA)

This appendix explains the methods used to derive the estimates in Tables 4, 5 and 6.

For each case, a random number between zero and one was generated from a uniform distribution. Based on this number, a post-WRA annual income was assigned to the case according to the following table.

| If random number<br>greater than | and less than | Assign post-WRA Income of                 |
|----------------------------------|---------------|-------------------------------------------|
| 0.00                             | 0.70          | Current Income                            |
| 0.70                             | 0.78          | Greater of Current Income<br>and \$1,000  |
| 0.78                             | 0.84          | Greater of Current Income<br>and \$3,500  |
| 0.84                             | 0.91          | Greater of Current Income<br>and \$7,500  |
| 0.91                             | 0.97          | Greater of Current Income<br>and \$15,000 |
| 0.97                             | 1.00          | Greater of Current Income<br>and \$25,000 |

The ranges shown in this table are derived by combining two sources: the Clinton Administration's estimate of the number of people in unsubsidized employment by FY2004, and the results of the GAIN program in Riverside, California. According to the Administration's estimates, 33% of those taken off AFDC payments would be employed in federally-subsidized WORK programs. This group was forecast to receive their current income. It was assumed that the remaining 67% would be subdivided into earnings categories according to the distribution of GAIN program participants in the third year who were part of the experimental group. (The midpoint of each income range was assigned.)

After assigning every case a post-WRA income in this way, the weighted average for the sample was computed, where the weights are intended to correct for the relative frequency of each sample case in the underlying population. The (weighted) average current household income was then subtracted from the post-WRA simulated value to give the expected increase in average annual

household income for the simulation. This increase was then multiplied first by the number of households and second by 30% (the amount of household income that persons in HUD programs must pay to cover rent) to derive the expected reduction in HUD expenditures.

The simulation was performed 100 times because the assignment of households' post-WRA income depends on both a random variable and on the households' current income. Therefore, one could not simply assume, for example, that 8% of the households earned \$1,000 per year because whether a household fell into this category depended on whether its current income was less than \$1,000 or not. The Central Limit Theorem would lead us to expect that the average of the simulated post-WRA incomes would converge to the true value. While there are no hard and fast rules about the number of times a simulation should be performed, it is worth noting that in the last 50 simulations performed here, the difference between the maximum and minimum post-WRA average incomes was less than 1%.

## **II. Computation of Effects of the Personal Responsibility Act (PRA)**

For each of the four scenarios described in the text, we computed the average AFDC payment per household before and after enactment of the PRA. To compute the post-PRA benefit, we first calculated the current median benefit for each household size. This median benefit was then assigned to households based on the number of household members who would continue to receive AFDC assistance after the PRA under each of the four scenarios. (The nominal amount of outside income above and beyond the AFDC benefit was assumed to remain unchanged.)

In the "worst case" scenario, households were assumed to receive no income other than their post-PRA benefit plus pre-PRA outside income. The increased HUD expenditure was then calculated to be 30% of the pre-PRA benefit minus the post-PRA benefit.

In the "best case" scenario, half of the households were assumed to have a member earning the minimum wage for a 35-hour work week over 50 weeks, while the other half were assumed to have received only the post-PRA benefit plus pre-PRA outside income. The increased HUD expenditure was again calculated to be 30% of the pre-PRA income minus the post-PRA income.

Note that this "best case" estimate is based on one adult working member per household. It therefore ignores a small fraction of cases in which there is more than one adult working member. Because this proportion never exceeded 4.6% in any of the four scenarios, the exclusion of these multiple workers is not expected to have a major impact on these rough order-of-magnitude estimates.

Simulation was not required to predict the effects of the PRA as it was for the WRA. Unlike the WRA, the PRA contained no proviso for preventing households from falling below their current incomes. Since predicted incomes of households post-PRA are independent of incomes pre-PRA, one can simply assign post-PRA incomes to households based on the percentages given in the particular scenario one wishes to model.

| H  | A                                                                                                       | B    | C     | D     | E     | F     | G     |       |
|----|---------------------------------------------------------------------------------------------------------|------|-------|-------|-------|-------|-------|-------|
| 67 |                                                                                                         |      |       |       |       |       |       |       |
| 68 | Savings from incentive for some to start working                                                        |      |       |       |       |       |       |       |
| 69 |                                                                                                         | 1998 | 1999  | 2000  | 2001  | 2002  | 2003  |       |
| 70 | Percent of Never Worked that goes to work                                                               |      |       | 0.01  |       |       |       |       |
| 71 | Year                                                                                                    | 0    | 1     | 2     | 3     | 4     | 5     |       |
| 72 | Percentage Starting work                                                                                | 1%   | 1%    | 1%    | 1%    | 1%    | 1%    |       |
| 73 | Number of Affected Families by Cohort, adjusted for attrition because of ending aid and ending earnings |      |       |       |       |       |       |       |
| 74 |                                                                                                         | 1998 | 7,899 | 6,679 | 5,647 | 4,774 | 4,037 | 3,413 |
| 75 |                                                                                                         | 1999 |       | 7,706 | 6,515 | 5,509 | 4,658 | 3,938 |
| 76 |                                                                                                         | 2000 |       |       | 7,517 | 6,356 | 5,374 | 4,544 |
| 77 |                                                                                                         | 2001 |       |       |       | 7,334 | 6,201 | 5,243 |
| 78 |                                                                                                         | 2002 |       |       |       |       | 7,154 | 6,049 |
| 79 |                                                                                                         |      |       |       |       |       |       |       |
| 80 | Savings to HUD per Family                                                                               |      |       |       |       |       |       |       |
| 81 |                                                                                                         | 1998 | 0     | 111   | 333   | 555   | 666   | 666   |
| 82 |                                                                                                         | 1999 |       | 0     | 111   | 333   | 555   | 666   |
| 83 |                                                                                                         | 2000 |       |       | 0     | 111   | 333   | 555   |
| 84 |                                                                                                         | 2001 |       |       |       | 0     | 111   | 333   |
| 85 |                                                                                                         | 2002 |       |       |       |       | 0     | 111   |
| 86 |                                                                                                         |      |       |       |       |       |       |       |
| 87 | Total savings to HUD in millions of dollars                                                             |      |       |       |       |       |       |       |
| 88 |                                                                                                         | 1998 | 0     | (1)   | (2)   | (3)   | (3)   | (2)   |
| 89 |                                                                                                         | 1999 | 0     | 0     | (1)   | (2)   | (3)   | (3)   |
| 90 |                                                                                                         | 2000 | 0     | 0     | 0     | (1)   | (2)   | (3)   |
| 91 |                                                                                                         | 2001 | 0     | 0     | 0     | 0     | (1)   | (2)   |
| 92 |                                                                                                         | 2002 | 0     | 0     | 0     | 0     | 0     | (1)   |
| 93 | Total Savings                                                                                           |      | 0     | (1)   | (3)   | (5)   | (8)   | (10)  |
| 94 | From New BA                                                                                             |      | 0     | (1)   | (2)   | (5)   | (8)   | (10)  |
| 95 |                                                                                                         |      |       |       |       |       |       |       |
| 96 | Net Total Outlays from New BA                                                                           |      | 4     | 33    | 27    | 18    | 12    | 4     |
| 97 | Increase in BA                                                                                          |      | 20    | 30    | 23    | 15    | 8     | 2     |
| 98 |                                                                                                         |      |       |       |       |       |       |       |

TECHNICAL ISSUE  
 Assumptions.

### Impacts of Selected Policy Proposals on Revenues of Public Housing Authorities

(all impacts are in millions of current dollars)

#### Income targeting and termination of federal preferences

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | Total  |
|------|------|------|------|------|------|--------|
| +83  | +146 | +254 | +365 | +483 | +590 | +1,921 |

Source: Calculated with a PD&R operating subsidies budget model by Barry Steffen. Housing authorities are assumed to fill 25 percent of vacancies resulting from turnover with households in a higher income group (incomes higher by 10% of median income, or \$4,000). Under these assumptions, income targeting provisions of H.R.1447 fail to become binding constraints within the budget horizon.

#### 18-month disregard of earned income for certain unemployed

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | Total |
|------|------|------|------|------|------|-------|
| -8   | -17  | -34  | -27  | -20  | -17  | -123  |

Source: Calculated from CBO estimates of same policy in certificates and vouchers, spreadsheet produced 5/23/97 by Carla Pedone using data from SIPP. (Multiply line 61 by 1.25/1.477).

#### \$25 minimum rent

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | Total |
|------|------|------|------|------|------|-------|
| 0    | +3   | +3   | +3   | +3   | +3   | +15   |

Source: Calculated by Mark Shroder taking current appropriations policy (minimum rent anywhere from \$0 to \$50 at PHA discretion) as baseline. Occupied units in the average month are assumed to be 92 percent of total units. A 10 percent sample of the MTCS between August 1996 and February 1997 showed 247,000 households paying less than \$50 per month. Calculations showed an average per unit-month gain among these tenants paying less than \$50 per month (from increasing the minimum rent to \$25 where it is presently lower) of \$1.88 and an average per unit-month loss (from lowering the minimum rent to \$25 where it is presently higher) of \$0.77, for a net gain of \$1.11 per month over 247,000 units.

(1) The term "development" means any or all under necessary for planning, land acquisition, demolition, construction or equipment, in connection with a low-income housing project. The term "development cost" comprises the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges), and the cost of carrying out the development of such project.<sup>1</sup> Construction activity in connection with a low-income housing project is confined to the reconstruction, remodeling, or repair of buildings.

(2) The term "operation" means any or all undertakings appropriate for management, operation, services, maintenance (including the cost of security personnel), or financing in connection with a low-income housing project.<sup>1</sup> The term also means the financing of tenant programs and services for families residing in low-income housing projects, particularly where there is no feasible participation of the tenants in the development and operation of such tenant programs and services. As used in this paragraph, the term "tenant programs and services" includes the development and maintenance of tenant organizations which participate in the management of low-income housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling in household management, housekeeping, budgeting, money management, child care, and similar matters; advice as to resource training and placement, education, welfare, health, and other community services; services which are directly related to meeting the needs of tenants and providing a wholesome living environment; referral to appropriate agencies in the community when needed for the provision of such services. To the maximum extent practicable, and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

(3) The term "acquisition cost" means the amount paid or required to be expended by a public housing agency in acquiring property for a low-income housing project.<sup>1</sup>

<sup>2</sup>The earnings of and benefits to any public housing project resulting from participation in a program providing employment, training and supportive services in accordance with the Cranston-Gonzalez National Affordable Housing Act of 1990, section 22 of this Act, or any comparable Federal, State, or local law shall not be considered as income for purposes of determining a limitation on the amount of rent the resident during—

<sup>1</sup> Section 622(c) of the Housing and Community Development Act of 1992, Public Law 102-550, amended this subsection by inserting after "project," the following new paragraph:

"(4) The term 'congregate housing' means low-rent housing with which there is a central dining facility where wholesome and economical meals can be served to tenants. Expenditures incurred by a public housing agency in the operation of a central dining facility in connection with congregate housing (other than the cost of providing food) shall be considered a cost of operation of the project.

"(5) The terms 'group home' and 'independent living facility' have the same meaning as such terms in section 811(k) of the Cranston-Gonzalez National Affordable Housing Act. Because the amendatory instructions did not specify which occurrence of 'project' in paragraphs were to be placed after, the amendment could not be executed. The new paragraphs were probably intended to be inserted after paragraph (3).

<sup>2</sup> So in law. Section 515(a) of the Cranston-Gonzalez National Affordable Housing Act of 1990, L. 101-625, approved November 28, 1990, added section 22 of this Act (regarding family investment centers). Section 515(b) of such Act added this undesignated paragraph.

(A) the period that the resident participates in such program; and

(B) the period that—

(A) begins with the commencement of employment of the resident in the first job acquired by the person after the completion of such program that is not funded by assistance under this Act; and

(B) ends on the earlier of—

(i) the date the resident ceases to continue employment without good cause as the Secretary shall determine; or

(ii) the expiration of the 18-month period beginning on the date referred to in subparagraph (A). [42 U.S.C. 1437a]

#### LOANS FOR LOWER INCOME HOUSING PROJECTS

(a) The Secretary may make loans or commitments to public housing agencies to help finance or refinance the development, acquisition, or operation of low-income housing projects by such agencies. Any contract for such loans and any contract to a contract for such loans shall provide that such loans shall bear interest at a rate specified by the Secretary which shall be less than a rate determined by the Secretary of the Treasury taking into consideration the current average market rate on outstanding marketable obligations of the United States Government having periods to maturity comparable to the average maturity of such loans, plus one-eighth of 1 per centum. Such loans shall be secured in such manner and shall be repaid within such period not exceeding forty years, or not exceeding forty years from the date of the bonds evidencing the loan, as the Secretary may determine. The Secretary may require loans or commitments to make such loans or commitments to be pledged as security for obligations issued by a public housing agency in connection with a low-income housing project.

The Secretary may issue and have outstanding at any one time such notes and other obligations for purchase by the Secretary of the Treasury in an amount which will not, unless authorized by the Secretary, exceed \$1,500,000,000. For the purpose of determining the amount of such obligations incurred to make loans pursuant to this Act against any other obligations applicable with respect to such loans, the Secretary shall estimate the maximum amount to be loaned at any one time pursuant to loan agreements then outstanding with public housing agencies. Such notes or other obligations shall be in such denominations and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. The notes or other obligations issued under this subsection shall have such maturities and bear such rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized to purchase any notes or other obligations of the Secretary issued hereunder and for such purpose is authorized to use the proceeds from the sale of any securities under chapter 31 of title 31, United States Code, and

*earned income disregard*

**Option 1: 18 month disregard of incremental earnings of non-workers, followed by a 3-year phase-out of the disregard**

scabs?

Description: Persons unemployed for at least one year who begin working will have additional income from earnings (their earnings income minus their previous income from other sources) disregarded in rent calculations for 18 months. After 18 months, the disregard is phased out over three years.

Cost: In the first full year of implementation, this proposal would cost about \$30 to 35 million for public housing. The cost for both Section 8 and public housing would be about \$100 to \$120 million. Second year cost for full implementation for public housing (about \$60 million) is incorporated into HUD budget assumptions.

Pros: Congress is familiar with this proposal: it is in current law (subject to appropriations) and is contained in both House and Senate bills.

It is targeted to those who are starting to work, rather than to those who are already working.

Cons: It may create perverse incentives -- quitting work and then starting again in order to get the disregard. Attempts to overcome this problem by defining non-work and work carefully will be complex and difficult to administer.

Its provides no benefit to families who have played by the rules and persisted in working, despite substantial marginal tax rates.

Its incentive effect may not be enough to bring many non-workers to full-time work.

It is difficult to administer and monitor, because the rent computations will require past as well as current income information and special rules for rent computations. Its 18 month aspect will either be ignored by HAS accustomed to yearly reexams or will be burdensome.

BNH = 38%, WNH = 46%, H = 10%, Other = 6%

**Unmet housing need among minority populations**  
(in thousands)

|                            | <u>Assisted (1 % of TOTAL</u> |            | <u>Eligible but not assisted (2) % of TOTAL</u> |            | <u>Worst case needs and not assisted (3) % of TOTAL</u> |            |
|----------------------------|-------------------------------|------------|-------------------------------------------------|------------|---------------------------------------------------------|------------|
| Black                      | 1625                          | 40.08%     | 2656                                            | 22.62%     | 1104                                                    | 22.77%     |
| White                      | 2183                          | 53.85%     | 8279                                            | 70.52%     | 3354                                                    | 69.17%     |
| White Hispanic             | 314                           | 7.75%      | 1555                                            | 13.25%     | 710                                                     | 14.64%     |
| White Non-Hispanic         | 1869                          | 46.10%     | 6725                                            | 57.28%     | 2644                                                    | 54.53%     |
| Other                      | 246                           | 6.07%      | 805                                             | 6.86%      | 391                                                     | 8.06%      |
| TOTAL (B+W+O)              | 4054                          |            | 11740                                           |            | 4849                                                    |            |
| <br>Total Hispanic         | <br>418                       | <br>10.31% | <br>1852                                        | <br>15.78% | <br>871                                                 | <br>17.96% |
| Black H (Total H - WhiteH) | 104                           | 2.57%      | 297                                             | 2.53%      | 161                                                     | 3.32%      |
| Black NH (B-BH)            | 1521                          | 37.52%     | 2359                                            | 20.09%     | 943                                                     | 19.45%     |
| Black NH +Total Hispanic   | 1939                          | 47.83%     | 4211                                            | 35.87%     | 1814                                                    | 37.41%     |

1993 numbers from American Housing Survey, provided by HUD

(1) receiving public housing, project-based Section 8, and tenant-based Section 8

(2) income 50% or less of median income

(3) income 50% or less of median income and pay more than half of income for rent or live in substandard hous

Worst case need figures are included in eligible but not assisted figures.

Francis S. Redburn

01/21/98

12:11:03 PM

Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP, Cynthia A. Rice/OPD/EOP

cc: Andrea Kane/OPD/EOP, Katherine L. Meredith/OMB/EOP, James F. Jordan/OMB/EOP, Theodore Wartell/OMB/EOP

Subject: Race and Ethnicity of HUD Assistance Recipients

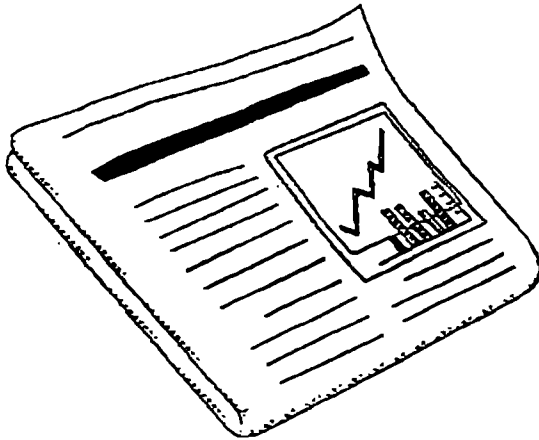
40  
54  
10?

The latest (1993) analysis of these characteristics shows that 40 percent are Black and 54 percent are White (including White Hispanic). The proportion of Hispanic households is 10 percent. The proportion of blacks in public housing (vs. tenant- and project-based section 8) is higher: 54 percent in 1993. Among certificate/voucher holders, the comparable percents are 34 percent Black and 12 percent Hispanic. (These include families and elderly.)

HUD doesn't have a breakdown by race/ethnicity of families with children whose primary source of income is public assistance. However, it is almost certain that the percentage of African-Americans in that category would be greater than the percents of all HUD assistance recipients shown above. Hispanics percentage probably wouldn't differ too much.

from Neuman article - based on 93 QP data  
Characteristics of HUD recipients by type of housing  
w/PH 30.5  
B/PH 47.6  
H 15.6  
Other 4.4  
Unknown 2.0  
100.0

what % of PH recs & non-PH recs get housing



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Assistant Secretary for Policy  
Development and Research

TELECOPIER COVER SHEET

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DATE

NUMBER OF PAGES (INCLUDING THIS PAGE) 5

TO: Andrea Kane FROM: Mark Shroder

PHONE: \_\_\_\_\_ PHONE: 708-4237 x215

FAX NUMBER: 456-7431

SUBJECT: \_\_\_\_\_

THE PHONE NUMBER FOR FAX MACHINE IS (202) 619-8000.

# **Characteristics of HUD-Assisted Renters and Their Units in 1993**

Prepared by:  
Duane T. McGough  
Housing and Demographic  
Analysis Division  
Office of Policy Development and Research

May 1997

## 2 Total Subsidized 1993

Table 1-1. Introductory Characteristics - Renter Occupied Units

(Numbers in thousands. Consistent with the 1990 Census. ... means not applicable or sample too small. - means zero or rounds to zero.)

| Characteristics                                 | Total occupied units | Housing unit characteristics |              |                   |          | Household characteristics |          |               |                    |                     |
|-------------------------------------------------|----------------------|------------------------------|--------------|-------------------|----------|---------------------------|----------|---------------|--------------------|---------------------|
|                                                 |                      | New construction 4 yrs       | Mobile homes | Physical problems |          | Black                     | Hispanic | Elderly (65+) | Moved in past year | Below poverty level |
|                                                 |                      |                              |              | Severe            | Moderate |                           |          |               |                    |                     |
| 1 Total .....                                   | 4 064                | 23                           | 39           | 81                | 217      | 1 625                     | 418      | 1 296         | 908                | 2 481               |
| <b>Tenure</b>                                   |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 2 Owner occupied .....                          | ...                  | ...                          | ...          | ...               | ...      | ...                       | ...      | ...           | ...                | ...                 |
| 3 Percent of all occupied .....                 | ...                  | ...                          | ...          | ...               | ...      | ...                       | ...      | ...           | ...                | ...                 |
| 4 Renter occupied .....                         | 4 064                | 23                           | 39           | 81                | 217      | 1 625                     | 418      | 1 296         | 908                | 2 481               |
| <b>Race and Origin</b>                          |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 5 White .....                                   | 2 183                | 14                           | 32           | 46                | 75       | ...                       | 314      | 944           | 438                | 1 151               |
| 6 Non-Hispanic .....                            | 1 889                | 6                            | 32           | 37                | 48       | ...                       | ...      | 899           | 386                | 981                 |
| 7 Hispanic .....                                | 314                  | 8                            | -            | 9                 | 27       | ...                       | 314      | 45            | 52                 | 190                 |
| 8 Black .....                                   | 1 625                | 6                            | 6            | 30                | 122      | 1 625                     | 31       | 291           | 417                | 1 185               |
| 9 Other .....                                   | 246                  | 3                            | 2            | 5                 | 20       | ...                       | 74       | 60            | 54                 | 165                 |
| 10 Total Hispanic .....                         | 418                  | 8                            | -            | 18                | 43       | 31                        | 418      | 62            | 73                 | 262                 |
| <b>Units in Structure</b>                       |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 11 1, detached .....                            | 335                  | -                            | ...          | 5                 | 24       | 114                       | 32       | 38            | 96                 | 221                 |
| 12 1, attached .....                            | 435                  | 2                            | ...          | 7                 | 18       | 245                       | 27       | 94            | 108                | 321                 |
| 13 2 to 4 .....                                 | 647                  | 10                           | ...          | 8                 | 37       | 269                       | 80       | 149           | 175                | 428                 |
| 14 5 to 9 .....                                 | 648                  | 6                            | ...          | 15                | 56       | 299                       | 88       | 82            | 166                | 440                 |
| 15 10 to 19 .....                               | 499                  | 2                            | ...          | 4                 | 14       | 238                       | 37       | 116           | 135                | 283                 |
| 16 20 to 49 .....                               | 383                  | -                            | ...          | 18                | 17       | 126                       | 48       | 165           | 62                 | 236                 |
| 17 50 or more .....                             | 1 088                | 3                            | ...          | 24                | 50       | 332                       | 107      | 646           | 142                | 521                 |
| 18 Mobile home or trailer .....                 | 39                   | -                            | 39           | -                 | -        | 5                         | -        | 6             | 27                 | 31                  |
| <b>Cooperatives and Condominiums</b>            |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 19 Cooperatives .....                           | 41                   | -                            | -            | -                 | 2        | 5                         | 1        | 7             | 5                  | 15                  |
| 20 Condominiums .....                           | 43                   | -                            | -            | -                 | -        | 10                        | 4        | 15            | 13                 | 24                  |
| <b>Year Structure Built<sup>1</sup></b>         |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 21 1990 to 1994 .....                           | 23                   | 23                           | -            | -                 | -        | 6                         | 8        | 4             | 9                  | 8                   |
| 22 1985 to 1989 .....                           | 159                  | -                            | 4            | -                 | -        | 51                        | 19       | 54            | 29                 | 107                 |
| 23 1980 to 1984 .....                           | 521                  | -                            | 2            | 8                 | 14       | 131                       | 37       | 261           | 83                 | 301                 |
| 24 1975 to 1979 .....                           | 554                  | -                            | 8            | 7                 | 34       | 158                       | 62       | 221           | 109                | 325                 |
| 25 1970 to 1974 .....                           | 908                  | -                            | 16           | 9                 | 24       | 326                       | 87       | 327           | 228                | 606                 |
| 26 1960 to 1969 .....                           | 590                  | -                            | 7            | 9                 | 37       | 275                       | 59       | 150           | 151                | 389                 |
| 27 1950 to 1959 .....                           | 428                  | -                            | 2            | 6                 | 47       | 268                       | 48       | 76            | 89                 | 326                 |
| 28 1940 to 1949 .....                           | 310                  | -                            | -            | 18                | 31       | 181                       | 53       | 58            | 59                 | 226                 |
| 29 1930 to 1939 .....                           | 240                  | -                            | -            | 12                | 8        | 127                       | 11       | 86            | 45                 | 141                 |
| 30 1920 to 1929 .....                           | 138                  | -                            | -            | 4                 | 9        | 41                        | 22       | 28            | 39                 | 59                  |
| 31 1919 or earlier .....                        | 183                  | -                            | -            | 7                 | 14       | 60                        | 11       | 30            | 57                 | 109                 |
| 32 Median .....                                 | 1971                 | ...                          | ...          | 1949              | 1960     | 1965                      | 1970     | 1973          | 1970               | 1970                |
| <b>Metropolitan/Nonmetropolitan Areas</b>       |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 33 Inside metropolitan statistical areas .....  | 3 331                | 17                           | 10           | 73                | 186      | 1 482                     | 393      | 1 071         | 671                | 1 982               |
| 34 In central cities .....                      | 2 273                | 8                            | 4            | 85                | 134      | 1 161                     | 284      | 703           | 442                | 1 404               |
| 35 Suburbs .....                                | 1 058                | 9                            | 6            | 19                | 52       | 301                       | 109      | 369           | 230                | 578                 |
| 36 Outside metropolitan statistical areas ..... | 723                  | 6                            | 29           | 8                 | 31       | 183                       | 25       | 224           | 237                | 498                 |
| <b>Regions</b>                                  |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 37 Northeast .....                              | 1 103                | 2                            | 2            | 47                | 82       | 323                       | 168      | 412           | 186                | 543                 |
| 38 Midwest .....                                | 911                  | -                            | 17           | 12                | 38       | 330                       | 27       | 307           | 201                | 648                 |
| 39 South .....                                  | 1 435                | 9                            | 18           | 9                 | 87       | 864                       | 94       | 372           | 441                | 1 046               |
| 40 West .....                                   | 605                  | 12                           | 2            | 13                | 30       | 99                        | 130      | 204           | 99                 | 346                 |
| <b>Urbanized Areas</b>                          |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 41 Inside urbanized areas .....                 | 3 119                | 17                           | 8            | 64                | 174      | 1 404                     | 363      | 1 026         | 611                | 1 870               |
| 42 In central cities of (P)MSA's .....          | 2 268                | 8                            | 4            | 55                | 132      | 1 181                     | 279      | 700           | 442                | 1 399               |
| 43 Urban fringe .....                           | 853                  | 9                            | 4            | 9                 | 43       | 244                       | 84       | 328           | 169                | 471                 |
| 44 Outside urbanized areas .....                | 835                  | 6                            | 31           | 17                | 42       | 221                       | 56       | 270           | 298                | 611                 |
| 45 Other urban .....                            | 669                  | 6                            | 5            | 13                | 36       | 164                       | 41       | 202           | 212                | 420                 |
| 46 Rural .....                                  | 266                  | -                            | 26           | 4                 | 6        | 37                        | 15       | 68            | 65                 | 191                 |
| <b>Place Size</b>                               |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 47 Less than 2,500 persons .....                | 86                   | -                            | 4            | 2                 | 2        | 2                         | 12       | 31            | 16                 | 56                  |
| 48 2,500 to 9,999 persons .....                 | 345                  | 6                            | 2            | 7                 | 22       | 85                        | 24       | 80            | 107                | 211                 |
| 49 10,000 to 19,999 persons .....               | 453                  | 6                            | 3            | 8                 | 11       | 112                       | 35       | 172           | 130                | 254                 |
| 50 20,000 to 49,999 persons .....               | 598                  | -                            | -            | -                 | 89       | 180                       | 83       | 216           | 116                | 353                 |
| 51 50,000 to 99,999 persons .....               | 478                  | -                            | 5            | 3                 | 15       | 142                       | 35       | 209           | 94                 | 293                 |
| 52 100,000 to 249,999 persons .....             | 490                  | 5                            | 2            | 13                | 9        | 240                       | 51       | 177           | 114                | 278                 |
| 53 250,000 to 499,999 persons .....             | 480                  | 3                            | -            | 8                 | 16       | 294                       | 37       | 141           | 108                | 327                 |
| 54 500,000 to 999,999 persons .....             | 300                  | -                            | -            | -                 | 27       | 197                       | 21       | 106           | 68                 | 198                 |
| 55 1,000,000 persons or more .....              | 490                  | -                            | -            | 38                | 55       | 253                       | 110      | 94            | 44                 | 290                 |

170 Eligible (Income 50% or less of median) but not Subsidized 1993

Table 5-1. Introductory Characteristics - Renter Occupied Units

[Numbers in thousands. Consistent with the 1990 Census. ... means not applicable or sample too small. - means zero or rounds to zero.]

|                                           | Characteristics                              | Total occupied units | Housing unit characteristics |              |                   |          | Household characteristics |          |               |                    |                    |
|-------------------------------------------|----------------------------------------------|----------------------|------------------------------|--------------|-------------------|----------|---------------------------|----------|---------------|--------------------|--------------------|
|                                           |                                              |                      | New construction 4 yrs       | Mobile homes | Physical problems |          | Black                     | Hispanic | Elderly (65+) | Moved in past year | Below poverty line |
|                                           |                                              |                      |                              |              | Severe            | Moderate |                           |          |               |                    |                    |
| 1                                         | Total .....                                  | 11 741               | 258                          | 502          | 489               | 1 046    | 2 656                     | 1 852    | 2 471         | 4 103              | 6 329              |
| <b>Tenure</b>                             |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 2                                         | Owner occupied .....                         | ...                  | ...                          | ...          | ...               | ...      | ...                       | ...      | ...           | ...                | ...                |
| 3                                         | Percent of all occupied .....                | ...                  | ...                          | ...          | ...               | ...      | ...                       | ...      | ...           | ...                | ...                |
| 4                                         | Renter occupied .....                        | 11 741               | 258                          | 502          | 489               | 1 046    | 2 656                     | 1 852    | 2 471         | 4 103              | 6 329              |
| <b>Race and Origin</b>                    |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 5                                         | White .....                                  | 8 279                | 198                          | 453          | 308               | 574      | ...                       | 1 555    | 2 025         | 2 983              | 4 182              |
| 6                                         | Non-Hispanic .....                           | 6 725                | 180                          | 417          | 230               | 407      | ...                       | ...      | 1 880         | 2 392              | 3 274              |
| 7                                         | Hispanic .....                               | 1 555                | 18                           | 36           | 77                | 187      | ...                       | 1 555    | 136           | 591                | 917                |
| 8                                         | Black .....                                  | 2 656                | 47                           | 39           | 138               | 387      | 2 656                     | 57       | 389           | 801                | 1 675              |
| 9                                         | Other .....                                  | 805                  | 15                           | 10           | 44                | 75       | ...                       | 240      | 57            | 319                | 458                |
| 10                                        | Total Hispanic .....                         | 1 852                | 21                           | 36           | 98                | 197      | 57                        | 1 852    | 148           | 702                | 1 102              |
| <b>Units in Structure</b>                 |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 11                                        | 1, detached .....                            | 2 768                | 24                           | ...          | 121               | 382      | 946                       | 371      | 551           | 814                | 1 717              |
| 12                                        | 1, attached .....                            | 796                  | 18                           | ...          | 16                | 89       | 220                       | 142      | 135           | 293                | 414                |
| 13                                        | 2 to 4 .....                                 | 2 911                | 42                           | ...          | 95                | 233      | 704                       | 472      | 563           | 979                | 1 538              |
| 14                                        | 5 to 9 .....                                 | 1 544                | 31                           | ...          | 80                | 97       | 350                       | 257      | 266           | 608                | 841                |
| 15                                        | 10 to 19 .....                               | 1 283                | 37                           | ...          | 49                | 56       | 281                       | 235      | 193           | 575                | 573                |
| 16                                        | 20 to 49 .....                               | 999                  | 61                           | ...          | 67                | 81       | 197                       | 223      | 253           | 369                | 472                |
| 17                                        | 50 or more .....                             | 937                  | 29                           | ...          | 40                | 50       | 220                       | 116      | 444           | 240                | 448                |
| 18                                        | Mobile home or trailer .....                 | 502                  | 15                           | 502          | 21                | 58       | 39                        | 38       | 67            | 225                | 324                |
| <b>Cooperatives and Condominiums</b>      |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 19                                        | Cooperatives .....                           | 110                  | -                            | -            | 2                 | 8        | 40                        | 11       | 42            | 19                 | 80                 |
| 20                                        | Condominiums .....                           | 248                  | 13                           | -            | 5                 | 3        | 44                        | 31       | 54            | 104                | 105                |
| <b>Year Structure Built<sup>1</sup></b>   |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 21                                        | 1990 to 1994 .....                           | 244                  | 244                          | 12           | 3                 | 5        | 47                        | 21       | 79            | 137                | 116                |
| 22                                        | 1985 to 1989 .....                           | 627                  | 14                           | 37           | 7                 | 11       | 85                        | 65       | 127           | 316                | 284                |
| 23                                        | 1980 to 1984 .....                           | 708                  | ...                          | 49           | 14                | 21       | 131                       | 87       | 186           | 268                | 351                |
| 24                                        | 1975 to 1979 .....                           | 1 182                | ...                          | 101          | 22                | 51       | 209                       | 144      | 259           | 437                | 617                |
| 25                                        | 1970 to 1974 .....                           | 1 340                | ...                          | 150          | 28                | 74       | 267                       | 182      | 288           | 508                | 703                |
| 26                                        | 1960 to 1969 .....                           | 1 687                | ...                          | 113          | 48                | 140      | 387                       | 238      | 395           | 588                | 873                |
| 27                                        | 1950 to 1959 .....                           | 1 240                | ...                          | 28           | 34                | 106      | 319                       | 257      | 250           | 408                | 682                |
| 28                                        | 1940 to 1949 .....                           | 1 109                | ...                          | 3            | 63                | 164      | 294                       | 228      | 208           | 319                | 619                |
| 29                                        | 1930 to 1939 .....                           | 1 088                | ...                          | 9            | 46                | 170      | 279                       | 242      | 222           | 300                | 598                |
| 30                                        | 1920 to 1929 .....                           | 918                  | ...                          | -            | 72                | 122      | 266                       | 154      | 183           | 314                | 561                |
| 31                                        | 1919 or earlier .....                        | 1 638                | ...                          | -            | 132               | 184      | 362                       | 234      | 294           | 514                | 950                |
| 32                                        | Median .....                                 | 1959                 | ...                          | 1973         | 1934              | 1943     | 1954                      | 1983     | 1962          | 1963               | 1957               |
| <b>Metropolitan/Nonmetropolitan Areas</b> |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 33                                        | Inside metropolitan statistical areas .....  | 9 762                | 178                          | 251          | 412               | 858      | 2 387                     | 1 756    | 1 831         | 3 408              | 4 999              |
| 34                                        | In central cities .....                      | 5 802                | 69                           | 21           | 297               | 577      | 1 842                     | 1 189    | 1 078         | 1 996              | 3 214              |
| 35                                        | Suburbs .....                                | 3 960                | 109                          | 230          | 115               | 279      | 545                       | 567      | 853           | 1 413              | 1 785              |
| 36                                        | Outside metropolitan statistical areas ..... | 1 979                | 80                           | 251          | 78                | 191      | 269                       | 95       | 540           | 695                | 1 328              |
| <b>Regions</b>                            |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 37                                        | Northeast .....                              | 2 481                | 27                           | 40           | 166               | 185      | 535                       | 440      | 696           | 658                | 1 312              |
| 38                                        | Midwest .....                                | 2 816                | 77                           | 83           | 100               | 175      | 631                       | 155      | 822           | 946                | 1 546              |
| 39                                        | South .....                                  | 2 691                | 71                           | 284          | 130               | 499      | 1 253                     | 462      | 868           | 1 396              | 2 226              |
| 40                                        | West .....                                   | 2 753                | 83                           | 95           | 94                | 188      | 236                       | 794      | 484           | 1 101              | 1 240              |
| <b>Urbanized Areas</b>                    |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 41                                        | Inside urbanized areas .....                 | 8 598                | 137                          | 82           | 368               | 745      | 2 294                     | 1 816    | 1 682         | 2 997              | 4 386              |
| 42                                        | In central cities of (P)MSA's .....          | 6 718                | 85                           | 21           | 265               | 573      | 1 829                     | 1 155    | 1 085         | 1 958              | 3 187              |
| 43                                        | Urban fringe .....                           | 2 879                | 72                           | 61           | 73                | 171      | 465                       | 480      | 616           | 1 038              | 1 220              |
| 44                                        | Outside urbanized areas .....                | 3 143                | 121                          | 420          | 122               | 302      | 362                       | 236      | 790           | 1 107              | 1 938              |
| 45                                        | Other urban .....                            | 1 456                | 54                           | 58           | 35                | 139      | 203                       | 134      | 363           | 646                | 881                |
| 46                                        | Rural .....                                  | 1 687                | 67                           | 362          | 86                | 163      | 159                       | 103      | 427           | 661                | 1 057              |
| <b>Place Size</b>                         |                                              |                      |                              |              |                   |          |                           |          |               |                    |                    |
| 47                                        | Less than 2,500 persons .....                | 474                  | 22                           | 54           | 21                | 28       | 30                        | 22       | 147           | 148                | 270                |
| 48                                        | 2,500 to 9,999 persons .....                 | 1 067                | 28                           | 51           | 30                | 102      | 143                       | 103      | 280           | 399                | 611                |
| 49                                        | 10,000 to 19,999 persons .....               | 892                  | 18                           | 20           | 16                | 82       | 181                       | 93       | 214           | 314                | 481                |
| 50                                        | 20,000 to 49,999 persons .....               | 1 564                | 35                           | 21           | 49                | 90       | 306                       | 200      | 310           | 608                | 804                |
| 51                                        | 50,000 to 99,999 persons .....               | 1 235                | 24                           | 9            | 56                | 124      | 214                       | 241      | 261           | 428                | 588                |
| 52                                        | 100,000 to 249,999 persons .....             | 1 199                | 16                           | 12           | 27                | 110      | 349                       | 218      | 205           | 459                | 647                |
| 53                                        | 250,000 to 499,999 persons .....             | 965                  | 11                           | 2            | 44                | 64       | 325                       | 148      | 161           | 372                | 527                |
| 54                                        | 500,000 to 999,999 persons .....             | 872                  | 11                           | 2            | 40                | 84       | 297                       | 159      | 161           | 346                | 433                |
| 55                                        | 1,000,000 persons or more .....              | 1 670                | 11                           | -            | 130               | 208      | 622                       | 802      | 361           | 415                | 1 005              |

<sup>1</sup>For mobile home, oldest category is 1939 or earlier.

## 296 Worst Case Needs but not Subsidized 1993

Table 8-1. Introductory Characteristics - Renter Occupied Units

[Numbers in thousands. Consistent with the 1990 Census. ... means not applicable or sample too small. - means zero or rounds to zero.]

| Characteristics                           | Total occupied units | Housing unit characteristics |              |                   |          | Household characteristics |          |               |                    |                     |
|-------------------------------------------|----------------------|------------------------------|--------------|-------------------|----------|---------------------------|----------|---------------|--------------------|---------------------|
|                                           |                      | New construction 4 yrs       | Mobile homes | Physical problems |          | Black                     | Hispanic | Elderly (65+) | Moved in past year | Below poverty level |
|                                           |                      |                              |              | Severe            | Moderate |                           |          |               |                    |                     |
| 1 Total                                   | 4 849                | 108                          | 171          | 489               | 420      | 1 104                     | 871      | 972           | 1 897              | 3 283               |
| <b>Tenure</b>                             |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 2 Owner occupied                          | ...                  | ...                          | ...          | ...               | ...      | ...                       | ...      | ...           | ...                | ...                 |
| 3 Percent of all occupied                 | ...                  | ...                          | ...          | ...               | ...      | ...                       | ...      | ...           | ...                | ...                 |
| 4 Renter occupied                         | 4 849                | 108                          | 171          | 489               | 420      | 1 104                     | 871      | 972           | 1 897              | 3 283               |
| <b>Race and Origin</b>                    |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 5 White                                   | 3 354                | 77                           | 158          | 308               | 222      | ...                       | 710      | 785           | 1 390              | 2 122               |
| 6 Non-Hispanic                            | 2 644                | 64                           | 148          | 230               | 180      | ...                       | ...      | 723           | 1 104              | 1 624               |
| 7 Hispanic                                | 710                  | 13                           | 8            | 77                | 62       | ...                       | 710      | 62            | 287                | 498                 |
| 8 Black                                   | 1 104                | 23                           | 12           | 138               | 158      | 1 104                     | 28       | 169           | 351                | 858                 |
| 9 Other                                   | 391                  | 8                            | 2            | 44                | 40       | ...                       | 135      | 19            | 155                | 283                 |
| 10 Total Hispanic                         | 871                  | 13                           | 8            | 98                | 84       | 28                        | 871      | 62            | 349                | 623                 |
| <b>Units in Structure</b>                 |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 11 1. detached                            | 1 007                | 8                            | ...          | 121               | 114      | 283                       | 142      | 130           | 339                | 764                 |
| 12 1. attached                            | 325                  | 11                           | ...          | 18                | 31       | 81                        | 67       | 60            | 135                | 200                 |
| 13 2 to 4                                 | 1 187                | 21                           | ...          | 95                | 123      | 314                       | 225      | 216           | 460                | 836                 |
| 14 5 to 9                                 | 681                  | 11                           | ...          | 80                | 40       | 139                       | 131      | 133           | 287                | 468                 |
| 15 10 to 19                               | 587                  | 21                           | ...          | 49                | 28       | 114                       | 123      | 121           | 252                | 335                 |
| 16 20 to 49                               | 496                  | 17                           | ...          | 67                | 44       | 82                        | 113      | 130           | 202                | 292                 |
| 17 50 or more                             | 395                  | 16                           | ...          | 40                | 20       | 78                        | 61       | 168           | 121                | 221                 |
| 18 Mobile home or trailer                 | 171                  | 6                            | 171          | 21                | 20       | 12                        | 8        | 14            | 101                | 143                 |
| <b>Cooperatives and Condominiums</b>      |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 19 Cooperatives                           | 38                   | -                            | -            | 2                 | 2        | 7                         | 2        | 17            | 8                  | 22                  |
| 20 Condominiums                           | 106                  | 10                           | -            | 5                 | -        | 8                         | 18       | 25            | 50                 | 49                  |
| <b>Year Structure Built<sup>1</sup></b>   |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 21 1990 to 1994                           | 106                  | 106                          | 5            | 3                 | 2        | 23                        | 13       | 33            | 61                 | 56                  |
| 22 1985 to 1989                           | 282                  | 2                            | 20           | 7                 | 6        | 36                        | 38       | 54            | 181                | 163                 |
| 23 1980 to 1984                           | 253                  | ...                          | 18           | 14                | 2        | 28                        | 45       | 47            | 115                | 150                 |
| 24 1975 to 1979                           | 403                  | ...                          | 29           | 22                | 18       | 63                        | 42       | 93            | 181                | 255                 |
| 25 1970 to 1974                           | 548                  | ...                          | 55           | 28                | 20       | 93                        | 89       | 107           | 222                | 331                 |
| 26 1960 to 1969                           | 672                  | ...                          | 31           | 48                | 59       | 157                       | 114      | 177           | 254                | 428                 |
| 27 1950 to 1959                           | 904                  | ...                          | 7            | 34                | 43       | 131                       | 110      | 115           | 201                | 333                 |
| 28 1940 to 1949                           | 440                  | ...                          | 3            | 63                | 57       | 121                       | 114      | 82            | 122                | 326                 |
| 29 1930 to 1939                           | 450                  | ...                          | 3            | 46                | 72       | 137                       | 95       | 79            | 148                | 337                 |
| 30 1920 to 1929                           | 431                  | ...                          | -            | 72                | 50       | 128                       | 92       | 71            | 170                | 312                 |
| 31 1919 or earlier                        | 759                  | ...                          | -            | 152               | 90       | 187                       | 118      | 114           | 281                | 573                 |
| 32 Median                                 | 1957                 | ...                          | 1974         | 1934              | 1960     | 1948                      | 1951     | 1961          | 1951               | 1953                |
| <b>Metropolitan/Nonmetropolitan Areas</b> |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 33 Inside metropolitan statistical areas  | 4 179                | 80                           | 79           | 412               | 366      | 1 012                     | 838      | 824           | 1 613              | 2 719               |
| 34 In central cities                      | 2 604                | 38                           | 8            | 297               | 266      | 767                       | 579      | 468           | 1 027              | 1 826               |
| 35 Suburbs                                | 1 575                | 42                           | 71           | 115               | 100      | 245                       | 259      | 356           | 586                | 883                 |
| 36 Outside metropolitan statistical areas | 670                  | 28                           | 92           | 78                | 55       | 92                        | 33       | 149           | 284                | 545                 |
| <b>Regions</b>                            |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 37 Northeast                              | 1 155                | 17                           | 18           | 168               | 116      | 263                       | 245      | 301           | 351                | 759                 |
| 38 Midwest                                | 1 122                | 21                           | 22           | 100               | 87       | 248                       | 67       | 241           | 463                | 778                 |
| 39 South                                  | 1 295                | 28                           | 83           | 130               | 131      | 468                       | 170      | 220           | 547                | 966                 |
| 40 West                                   | 1 278                | 41                           | 39           | 94                | 86       | 128                       | 389      | 210           | 536                | 783                 |
| <b>Urbanized Areas</b>                    |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 41 Inside urbanized areas                 | 3 781                | 71                           | 29           | 368               | 338      | 973                       | 792      | 734           | 1 481              | 2 456               |
| 42 In central cities of (P)MSA's          | 2 557                | 34                           | 8            | 295               | 266      | 758                       | 567      | 459           | 1 002              | 1 791               |
| 43 Urban fringe                           | 1 223                | 37                           | 21           | 73                | 72       | 215                       | 225      | 275           | 438                | 665                 |
| 44 Outside urbanized areas                | 1 059                | 37                           | 142          | 122               | 83       | 131                       | 79       | 239           | 436                | 808                 |
| 45 Other urban                            | 953                  | 19                           | 14           | 35                | 50       | 71                        | 48       | 132           | 231                | 430                 |
| 46 Rural                                  | 506                  | 18                           | 128          | 88                | 33       | 61                        | 31       | 107           | 205                | 378                 |
| <b>Place Size</b>                         |                      |                              |              |                   |          |                           |          |               |                    |                     |
| 47 Less than 2,500 persons                | 118                  | -                            | 8            | 21                | 7        | 12                        | 3        | 34            | 36                 | 85                  |
| 48 2,500 to 9,999 persons                 | 364                  | 11                           | 8            | 30                | 38       | 37                        | 36       | 87            | 152                | 277                 |
| 49 10,000 to 19,999 persons               | 349                  | 1                            | 4            | 18                | 32       | 69                        | 35       | 74            | 130                | 228                 |
| 50 20,000 to 49,999 persons               | 698                  | 25                           | 14           | 49                | 28       | 120                       | 93       | 140           | 306                | 448                 |
| 51 50,000 to 99,999 persons               | 541                  | 15                           | -            | 64                | 45       | 83                        | 113      | 114           | 212                | 320                 |
| 52 100,000 to 249,999 persons             | 481                  | 11                           | 10           | 27                | 48       | 137                       | 89       | 67            | 197                | 355                 |
| 53 250,000 to 499,999 persons             | 411                  | 4                            | -            | 44                | 32       | 125                       | 69       | 76            | 184                | 278                 |
| 54 500,000 to 999,999 persons             | 402                  | 7                            | -            | 40                | 33       | 122                       | 84       | 84            | 187                | 254                 |
| 55 1,000,000 persons or more              | 854                  | 4                            | -            | 130               | 125      | 294                       | 276      | 167           | 228                | 623                 |

<sup>1</sup>For mobile home, oldest category is 1939 or earlier.

TABLE 4  
PERCENT DISTRIBUTION OF AFDC FAMILIES BY TYPE OF SHELTER ARRANGEMENT  
OCTOBER 1995 - SEPTEMBER 1996

1/27/98  
TO: Cynthia, Steve Reardon, Paul Leonard, John Handman, Ray Chafide  
FROM: Andrea  
FY I in case you haven't seen this.

| STATE          | TOTAL FAMILIES | TYPE OF SHELTER ARRANGEMENT |                |                  |                    |                           |                       |            |           | UN-KNOWN |
|----------------|----------------|-----------------------------|----------------|------------------|--------------------|---------------------------|-----------------------|------------|-----------|----------|
|                |                | OWNS OR IS BUYING           | PUBLIC HOUSING | HUD RENT SUBSIDY | OTHER RENT SUBSIDY | PRIVATE HOUSING (NO SUB.) | SHARES GROUP QUARTERS | RENTS FREE | HOME-LESS |          |
| U.S. TOTAL     | 4,553,308      | 4.3%                        | 8.8%           | 12.2%            | 2.6%               | 62.3%                     | 1.9%                  | 7.2%       | 0.3%      | 0.4%     |
| ALABAMA        | 42,393         | 5.7                         | 20.4           | 12.2             | 1.9                | 32.8                      | 0.9                   | 26.1       | -0-       | -0-      |
| ALASKA         | 12,253         | 13.3                        | 12.7           | 9.4              | 3.8                | 46.9                      | 0.6                   | 12.7       | 0.6       | -0-      |
| ARIZONA        | 63,404         | 2.3                         | 6.3            | 7.8              | 1.4                | 71.8                      | 0.9                   | 9.5        | 0.1       | -0-      |
| ARKANSAS       | 22,747         | 5.1                         | 11.7           | 18.1             | 0.7                | 32.6                      | 2.8                   | 28.9       | 0.1       | -0-      |
| CALIFORNIA     | 895,960        | 2.7                         | 4.1            | 6.3              | 1.7                | 81.7                      | 3.0                   | 0.6        | -0-       | -0-      |
| COLORADO       | 35,447         | 4.8                         | 7.0            | 15.8             | 3.4                | 60.3                      | 7.0                   | 1.4        | 0.2       | 0.2      |
| CONNECTICUT    | 58,117         | 0.5                         | 14.0           | 22.5             | 0.7                | 56.7                      | 3.8                   | 1.5        | 0.3       | -0-      |
| DELAWARE       | 10,388         | 1.9                         | 9.4            | 22.6             | 0.3                | 59.4                      | 4.5                   | 1.3        | 0.6       | -0-      |
| DIST. OF COL.  | 25,721         | 0.8                         | 23.2           | 19.8             | 2.3                | 51.3                      | 1.3                   | 0.6        | 0.2       | 0.5      |
| FLORIDA        | 211,975        | 2.5                         | 5.0            | 11.3             | 0.9                | 74.5                      | 0.3                   | 4.8        | 0.1       | 0.7      |
| GEORGIA        | 130,387        | 7.0                         | 14.7           | 10.1             | 0.8                | 51.2                      | 5.2                   | 10.6       | 0.4       | 0.1      |
| GUAM           | 2,137          | 1.6                         | 2.2            | 31.1             | 2.2                | 14.7                      | 9.9                   | 37.8       | 0.3       | -0-      |
| HAWAII         | 21,960         | 3.5                         | 9.5            | 13.5             | 3.2                | 47.2                      | 9.9                   | 12.8       | 0.4       | -0-      |
| IDAHO          | 9,008          | 8.4                         | 1.0            | 27.1             | 2.3                | 38.7                      | 7.4                   | 13.5       | 0.3       | 1.3      |
| ILLINOIS       | 224,148        | 1.9                         | 10.9           | 7.1              | 1.1                | 70.2                      | 1.5                   | 7.1        | 0.2       | -0-      |
| INDIANA        | 52,873         | 6.4                         | 6.4            | 11.5             | 6.1                | 49.4                      | 0.4                   | 18.8       | -0-       | 1.0      |
| IOWA           | 32,785         | 9.3                         | 4.1            | 23.3             | 2.0                | 50.1                      | 4.1                   | 6.7        | 0.6       | -0-      |
| KANSAS         | 25,148         | 4.1                         | 7.7            | 12.8             | 0.5                | 64.5                      | 0.5                   | 9.6        | 0.2       | -0-      |
| KENTUCKY       | 71,827         | 11.3                        | 11.4           | 15.4             | 0.1                | 42.2                      | 0.1                   | 19.4       | 0.1       | -0-      |
| LOUISIANA      | 70,581         | 5.0                         | 10.9           | 12.6             | 4.3                | 36.5                      | 2.4                   | 28.3       | -0-       | -0-      |
| MAINE          | 20,461         | 14.2                        | 9.8            | 17.8             | 8.8                | 42.2                      | 2.4                   | 4.2        | -0-       | 0.6      |
| MARYLAND       | 74,106         | 1.0                         | 5.9            | 20.6             | 0.3                | 72.0                      | 0.2                   | -0-        | -0-       | -0-      |
| MASSACHUSETTS  | 88,365         | 1.4                         | 12.8           | 23.5             | 6.8                | 51.4                      | 2.6                   | 0.4        | 1.1       | -0-      |
| MICHIGAN       | 178,002        | 9.0                         | 2.3            | 8.7              | 1.6                | 69.5                      | 0.1                   | 5.6        | 0.2       | 3.0      |
| MINNESOTA      | 58,250         | 11.9                        | 9.3            | 23.5             | 7.2                | 43.3                      | 0.7                   | 3.2        | 0.2       | 0.7      |
| MISSISSIPPI    | 47,954         | 10.7                        | 7.3            | 17.1             | 0.7                | 20.8                      | 0.9                   | 42.4       | -0-       | 0.1      |
| MISSOURI       | 82,717         | 6.7                         | 4.7            | 22.1             | 1.2                | 52.9                      | 1.4                   | 10.7       | 0.2       | -0-      |
| MONTANA        | 10,806         | 7.3                         | 11.8           | 27.5             | 3.7                | 44.7                      | 2.5                   | 1.7        | 0.3       | 0.6      |
| NEBRASKA       | 14,166         | 7.2                         | 13.7           | 23.8             | 1.1                | 46.4                      | 2.1                   | 4.9        | 0.8       | -0-      |
| NEVADA         | 14,827         | -0-                         | 1.3            | 16.8             | 0.3                | 63.4                      | 3.2                   | 15.0       | -0-       | -0-      |
| NEW HAMPSHIRE  | 9,538          | 2.9                         | 11.9           | 11.6             | 2.9                | 65.6                      | 3.5                   | 1.3        | -0-       | 0.3      |
| NEW JERSEY     | 111,983        | 0.6                         | 8.4            | 10.1             | 3.9                | 68.5                      | 7.7                   | 0.3        | 0.4       | 0.1      |
| NEW MEXICO     | 33,852         | 13.0                        | 6.7            | 20.9             | 1.3                | 41.7                      | 6.5                   | 9.9        | -0-       | -0-      |
| NEW YORK       | 433,325        | 0.7                         | 16.2           | 9.5              | 8.8                | 60.8                      | 0.4                   | 2.0        | 1.6       | -0-      |
| NORTH CAROLINA | 113,127        | 1.0                         | 9.3            | 9.8              | 1.8                | 70.9                      | 1.1                   | 5.9        | 0.2       | -0-      |
| NORTH DAKOTA   | 4,892          | 6.3                         | 16.6           | 37.2             | 3.0                | 22.7                      | 6.6                   | 7.3        | 0.3       | -0-      |
| OHIO           | 206,722        | 4.4                         | 9.9            | 17.1             | 3.0                | 57.9                      | 0.3                   | 7.1        | 0.3       | -0-      |
| OKLAHOMA       | 38,809         | 4.1                         | 3.6            | 28.6             | 5.6                | 31.7                      | 5.3                   | 21.0       | 0.1       | -0-      |
| OREGON         | 33,444         | 5.9                         | 3.7            | 15.2             | 1.4                | 67.7                      | 1.1                   | 3.7        | 1.4       | -0-      |
| PENNSYLVANIA   | 190,329        | 3.9                         | 10.8           | 5.6              | 0.3                | 74.7                      | 2.6                   | 1.6        | 0.2       | 0.3      |
| PUERTO RICO    | 50,888         | 28.4                        | 22.6           | 7.3              | 2.2                | 22.0                      | 1.4                   | 16.1       | -0-       | -0-      |
| RHODE ISLAND   | 21,226         | 2.3                         | 8.9            | 21.7             | 1.5                | 57.8                      | 6.0                   | 1.7        | -0-       | -0-      |
| SOUTH CAROLINA | 45,770         | 9.8                         | 10.1           | 18.8             | 0.3                | 38.2                      | -0-                   | 22.4       | 0.1       | 0.2      |
| SOUTH DAKOTA   | 5,995          | 5.1                         | 0.6            | 24.9             | 12.5               | 50.2                      | 0.6                   | 5.1        | -0-       | 1.0      |
| TENNESSEE      | 99,096         | 4.2                         | 17.7           | 12.4             | 0.6                | 57.5                      | 1.1                   | 6.1        | 0.3       | -0-      |
| TEXAS          | 254,953        | 6.6                         | 8.6            | 17.5             | 1.3                | 38.9                      | 0.2                   | 26.7       | 0.2       | -0-      |
| UTAH           | 14,767         | 1.6                         | 0.4            | 21.0             | 2.8                | 66.8                      | 3.7                   | 2.8        | 1.0       | -0-      |
| VERMONT        | 9,058          | 9.2                         | 8.3            | 15.2             | 1.3                | 55.4                      | 8.6                   | 2.0        | -0-       | -0-      |
| VIRGIN ISLANDS | 1,399          | 2.0                         | 52.0           | 0.7              | 0.7                | 22.0                      | 0.7                   | 22.0       | -0-       | -0-      |
| VIRGINIA       | 64,937         | 0.9                         | 11.4           | 14.9             | 1.0                | 50.7                      | 0.2                   | 8.0        | 0.2       | 12.6     |
| WASHINGTON     | 98,933         | 3.4                         | 4.5            | 15.1             | 1.8                | 73.0                      | 0.5                   | 0.8        | 0.6       | 0.2      |
| WEST VIRGINIA  | 36,562         | 13.7                        | 5.0            | 18.8             | 0.7                | 42.9                      | 1.2                   | 17.6       | 0.1       | -0-      |
| WISCONSIN      | 60,058         | 4.3                         | 3.5            | 11.1             | 3.5                | 67.9                      | 4.8                   | 4.4        | 0.5       | -0-      |
| WYOMING        | 4,732          | 10.0                        | 11.3           | 20.2             | 3.1                | 49.9                      | 1.6                   | 3.9        | -0-       | -0-      |

NOTE: -0- = ZERO.

PREPARED BY DHHS/ACF/OPRE April 16, 1997

From: HHS/ACF, Chenckensha  
+ Financial Circumstances of  
AFDC Recipients, 1996

October 29, 1997

## **Housing and Welfare Reform: Some Background Information**

Although the welfare and housing assistance systems are designed and administered in almost total isolation from each other, their beneficiaries overlap to a substantial degree. This intersection presents unique opportunities and challenges for welfare recipients, housing and welfare advocates and administrators of both welfare and housing programs. It also presents some substantial risks for the housing programs, especially in the wake of welfare reform.

### *Housing Assistance for Low-Income Families*

The United States Department of Housing and Urban Development (HUD) operates three major federally-funded programs that provide housing assistance to low-income families: public housing, Section 8 certificates and vouchers, and Section 8 project-based programs. Some states also run small programs providing housing assistance. Housing costs are subsidized by the government so that families pay a limited portion — typically 30 percent in the federally-run programs — of their income in rent.

*Public housing:* Public housing consists of rental units owned and operated by public housing authorities ("PHAs"), which are public or quasi-public entities authorized by state or local law. Public housing units are found in a variety of housing structures, including garden-style apartments, high-rise buildings, and even single family homes. Rents go directly to the PHA and are used to help meet the operating and maintenance costs of public housing. Approximately 540,000 out of 1.2 million public housing units are occupied by families with children.

*Section 8 Tenant-based Vouchers and Certificates:* Recipients use these subsidies to rent housing in the private market. Families can use these vouchers and certificates to rent housing of their choice, as long as it is approved by the local PHA. PHAs administer the program and pay the landlord the difference between the rental charge and the tenant's rental payment. Some 955,000 out of 1.4 million vouchers and certificates assist families with children.

*Project-based Section 8:* These are rental units in buildings owned and operated by private owners, who may either be for-profit or non-profit entities. Tenant rents are paid to the project's owner and the remainder of the rent, the subsidy amount, is paid by the federal government. Like with public housing, the subsidies are tied to specific units (and can not be used to rent housing of one's choice, as with the tenant-based vouchers). Project-based Section 8 programs are *not* administered by the local public housing authority; rather, owners of the units maintain their own waiting lists (except for a few small sub-programs) and decide whom to admit, subject to federal requirements. Approximately 625,000 out of 1.7 million project-based units are occupied by families with children.

### *Housing Assistance and Welfare Receipt: The Intersections*

- From the welfare side, approximately 1/4 of families receiving AFDC/TANF benefits live in assisted housing. That ratio varies significantly from state to state. In some states close to 40% of their TANF families also receive housing assistance; in other states, only about 10% of TANF families also receive housing assistance. The reason more welfare families do not receive housing assistance is *not*, for the most part, that they have adequate, affordable housing. They almost universally do not. It is that the supply of housing assistance is so limited.
- 1.1 million — slightly more than half — of the HUD-assisted families with children receive some income from AFDC/TANF. More than half of families with children that are recipients of public housing and/or tenant-based assistance receive some TANF income. Slightly under half of the families that receive project-based Section 8 assistance also receive some TANF income.
- Research suggests that more of the TANF recipients who also receive housing assistance may face barriers to employment than other welfare recipients, and consequently may be particularly at risk from the imposition of time limits. As families' incomes fall, their rental payments will be reduced. This could lead to a reduction in the number of poor families provided assisted housing and the quality of the housing provided, and coupled with minimum rent requirements could lead to an increase in evictions.
- In the public housing program, PHAs depend on rent payments to meet their operating costs. Unless Congress enacts an increase in federal operating subsidies, PHAs will be forced to operate with reduced revenues. Given the current budgetary environment, it is unlikely that Congress will act to increase the operating subsidies to offset rental declines. As a result, maintenance may suffer and PHAs may choose to admit fewer tenants who receive TANF benefits.
- In the tenant-based program, PHAs will have to increase the subsidy amount paid to landlords as tenants' rent payments fall. As cost per family increases, PHAs will have to reduce the number of subsidies provided to families on the waiting list in order to remain within their allocated budget (unless Congress appropriates new funds for the tenant-based program, which is also highly unlikely).
- In the project-based Section program, HUD is required to make up for the shortfall in revenue caused by a reduction in tenant rental payments. Therefore, project-based owners will not themselves bear the impact of reduced revenues and/ or higher cost of subsidy provision. However, reduction in tenant rental payments in the project-based programs creates a different set of problems: as tenants' rental payments fall, HUD must pay more to the project-based owners. In this budgetary environment, other housing programs may be cut as a result.

## Housing and Welfare II: Housing Providers' Role In Maintaining the Safety Net November 7, 1997

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# Resources and Speaker Information

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HUD Resident Information Clearinghouse

1(800) 955-2232

Contains info on HUD grant programs related to welfare to work efforts

Department of Labor Welfare-to-Work Website

<http://wtw.doleta.gov>

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The Center on Budget and Policy Priorities has prepared a revised 18-page paper on how the targeting provisions in HR 2 and S 462 could undermine welfare reform and hurt the working poor. To receive the document entitled "*Housing Bills Could Weaken Welfare Reform and Create Problems for the Working Poor*", go to their website at [www.cbpp.org](http://www.cbpp.org) or call them at (202) 408-1080.

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[www.nliho.org](http://www.nliho.org) and [www.handsnet.org/nliho](http://www.handsnet.org/nliho)  
*Publications:* "Out of Reach: Rental Housing at What Cost" and "Community First: A Public Housing Resident's Guide". *Free Weekly Newsletter* "Memo to Members" on affordable housing and healthy communities. *Contact NLIHC at their main number (202) 862-1530.*



# Federal Housing Assistance and Welfare Reform: Uncharted Territory

by  
G. Thomas Kingsley

**Number A-19** in Series, "New Federalism: Issues and Options for States"

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Federal housing assistance was seldom mentioned in the mid-1990s' debate over devolution of America's social safety net. Yet in FY 1995, federal outlays for housing assistance to the poor (\$19 billion) exceeded those for Aid to Families with Dependent Children (AFDC) by \$7 billion.

A sizable share (about one-fifth) of households that receive AFDC also benefit from federal housing subsidies administered by the U.S. Department of Housing and Urban Development (HUD). Moreover, those receiving HUD assistance account for a much larger share of long-term welfare recipients—those likely to have the most difficulty finding and retaining employment—than welfare families that don't receive federal housing assistance. Among AFDC beneficiaries in 1994, for example, the median cumulative period of welfare reciprocity for those who also received HUD assistance was 57 months; for those not receiving HUD assistance, the comparable period was 37 months. <sup>1</sup>

Whether or not welfare recipients also receive housing assistance will greatly influence the immediate circumstances and, possibly, the longer-term opportunities of those directly affected by welfare reforms and cutbacks in related social programs. Welfare reform may also have a marked impact on the financial condition of HUD's housing programs. Tremendous variations in HUD assistance across states and localities (explained below), together with

the new discretion states have been given to run their own welfare programs, mean that housing assistance and welfare interactions at the local level will significantly affect state responses to devolution.

What are the possible outcomes of interactions between housing assistance and welfare reform? We preface our speculation with a discussion about how federal housing assistance differs from many other safety net programs, the forms it takes, who it serves, and the relevancy of housing reforms to welfare reform.

## What's Different about Federal Housing Assistance?

Federal housing assistance is provided to reduce the rents that low-income households have to pay for decent housing. At least three features distinguish it from many other forms of federal assistance to the poor.

First, unlike the AFDC program, housing assistance has never been an entitlement. Eligible households apply for it and are put on waiting lists, where they often remain for years. The number of families selected for assistance depends mainly on how much funding Congress has made available. Only about one-quarter of all eligibles actually receive assistance. In the recent past, federal criteria have generally focused on the poorest of the poor.

Second, unlike welfare benefits, only a small fraction of federal housing assistance is allocated by the states. For the major housing assistance programs, funds are allocated to localities directly by HUD (based on a mix of need and administrative readiness). The states are not involved. A large share of the money goes to local Public Housing Authorities (PHAs), which are agents of local governments, but some goes to local governments directly and some to private for-profit and nonprofit developers for specific projects. HUD's major programs that provide ongoing assistance to poor households have no state or local matching requirements. Furthermore, few significant independent state and local housing assistance programs exist.

Third, housing assistance has not suffered from the wide variations in state-determined benefit levels that have plagued welfare (although the quality of assisted housing and its management varies widely). Although federal housing assistance is a highly inequitable form of social support (some needy households get substantial benefits while others with the same income levels get nothing), among those who do receive it, the assistance is relatively

equitable. The payment formula is uniform nationwide and takes differences in local housing costs into account. In most cases, tenants pay 30 percent of their income toward rent, and HUD covers the remainder. ✓

## Forms and Beneficiaries of Housing Support

Federal housing assistance is provided to households in one of three distinct programmatic forms, each of which has had a very different history.

*Public housing* projects are owned and operated by local PHAs for occupancy by low- and moderate-income households. The federal government covers the costs of development and the sizable share of operating and modernizing costs not covered by tenant rent payments. The Public Housing Program was authorized in 1937 but went out of political favor in the late 1970s for a number of reasons (including high costs and concentration of social problems). Since then, few new units have been built, and with the gradual removal of older buildings, the total stock has been declining. In 1993, a total of 1.1 million households lived in public housing.

*Publicly assisted housing* refers to privately owned and operated projects for which HUD provides subsidies to supplement what eligible tenants can afford to pay for rent. This strategy became a significant alternative to public housing in the late 1960s. Several different variations within this approach (differing combinations of tax, interest, and operating subsidies) were attempted over the subsequent decade, the most recent being the Section 8 New Construction and Substantial Rehabilitation programs. In all of these, HUD awarded funds directly to prospective private developers who applied for them. The Reagan administration stopped any further development of publicly assisted housing in 1983. But a large number of poor families still live in projects developed under these programs (1.7 million households in 1993), and federal subsidy obligations for them remain substantial.

A new approach that was introduced in 1987 and fits the “publicly assisted” definition is the Low-Income Housing Tax Credit (LIHTC). In contrast to earlier programs, largely developed by profit-oriented firms, a much larger share of the LIHTC developers comprises nonprofits. The LIHTC alone does not allow developers to reduce rents enough to make them affordable to very low income households. But cities can add on funds they receive from HUD’s continuing block grants to localities—the Community Development Block Grant (CDBG) and the HOME program—to make a share of LIHTC units more affordable. At this point, however, the number of households assisted in such projects remains small in relation to the total still living in projects supported by the earlier programs in this category.

*Tenant-based assistance* allows eligible households to select their own units in the private housing market and receive a subsidy to cover part of their rent. Introduced in the mid-1970s, tenant-based assistance has been given in two forms—Section 8 certificates and vouchers. With recent rule changes, however, there is now very little difference in the way they operate. This approach enjoys bipartisan support and has accounted for the bulk of the new housing assistance provided since the early 1980s. The number of households assisted in this way has grown consistently since then, reaching a total of 1.2 million in 1993.

In 1993, a total of 4.05 million households benefited from the main HUD programs that provide ongoing assistance based on income—28 percent from public housing, 42 percent from the older publicly assisted projects, and 30 percent via tenant-based assistance (table 1). Each of the three forms serves a mix of types of low-income households, but the mixes vary. High shares of households in public housing (46 percent) are headed by nonelderly women and receive income from welfare or Supplemental Security Income (44 percent). Those receiving tenant-based assistance also have sizable shares in the same categories (60 percent and 45 percent, respectively). In contrast, only 40 percent of the households in publicly assisted projects are headed by nonelderly females and 28 percent receive welfare or SSI income. Households headed by African Americans account for 54 percent of the total in public housing, 35 percent in publicly assisted housing, and 34 percent in tenant-based assistance.

AFDC Quality Control data indicate that out of a total of 4.98 million AFDC households in 1993, 1.06 million, or 21 percent, also received HUD assistance. And, as noted earlier, HUD programs account for an even higher proportion of long-term welfare households—those recipients most likely to lose support in the current reform process and to have a harder time finding employment.

## Housing Reforms—Proposed and in Process

Outcomes for families that receive both housing assistance and welfare will be influenced by recent reforms in HUD programs as well as the welfare reform process.

While the 104th Congress was garnering headlines for its proposals to reform most federal safety net programs, the boldest reforms for housing assistance were inventions of the Clinton administration. HUD Secretary Cisneros proposed consolidating several small categorical programs into major block

grants to localities, significantly restructuring publicly assisted housing programs (to reduce federal subsidies and enhance their financial viability), and transforming the operations of public housing. Over a phase-in period, public housing residents would be given tenant-based assistance and could choose to stay in their old projects or move elsewhere. PHAs would have to compete with other providers of rental housing to retain tenants. <sup>2</sup>

In the short term, Cisneros also proposed giving PHAs much more flexibility in spending their capital allocations (including more freedom to demolish old projects), creating measures to encourage income mixing in public housing and publicly assisted projects, and expanding social service and job training programs to help current public housing residents move toward self-reliance. These steps sought to address the feature of large public housing projects that has drawn the sharpest criticism: the spatial concentration of the poor and, in particular, of poor minorities.

Congress has stopped short of endorsing the full proposal for transforming public housing in the original Cisneros package, though several themes of draft legislation emerging from congressional committees are variants of those originally suggested by Cisneros. It is noteworthy that, in contrast to its stance on many other social programs, Congress has not proposed to fundamentally alter the federal role in housing assistance by transferring any administrative or allocative authority to the states.

So far, Congress has failed to enact permanent housing reform legislation, but it has implemented some changes for public housing (via appropriation bills) that now seem likely to be sustained. These include eliminating past federal selection preferences and establishing ceiling rents <sup>3</sup> (both changes are designed to facilitate income mixing) and suspending past restrictions that inhibited demolition.

HUD's budget has not suffered dramatic cuts, but fiscal constraints are clearly being felt. The agency's budget authority dropped from \$20.1 billion in FY 1995 to \$19.4 billion in FY 1997, and is scheduled to go up again to \$25.1 billion in FY 1998. However, this last increase is meant to cover Section 8 contract renewals, not to expand service. <sup>4</sup> In fact, the most important change reflected in congressional action on HUD's budget over the past few years has been the explicit elimination of funding for any net growth in the number of households receiving HUD-assistance. This move terminated a bipartisan commitment to growth increments that had been in force for over two decades.

For the time being there are no indications of major reductions in support for

current beneficiaries, but there is a considerable amount of belt tightening related to that support. For example, Congress has not fully funded HUD's estimates of needs to cover public housing operating expenses. Also, Congress has required a time gap in certifying new households to replace those that have left a HUD subsidy program, and now allows PHAs to charge tenants a minimum rent of up to \$50 per month, even when that amount exceeds 30 percent of income. These changes aim to slow down expenditure rates and reduce overall subsidy needs.

## How Housing Assistance Might Affect Welfare Reform Outcomes

It is impossible to predict exactly how housing assistance will influence outcomes for families affected by welfare reform. Below we speculate about the possibilities and, in so doing, identify issues that state officials will need to watch carefully as the welfare reform process unfolds.

### *Increased risks and reduced opportunities for those not receiving housing assistance.*

For current welfare recipients not now receiving housing assistance, the elimination of the growth increment in the housing budget means there is a substantially reduced chance that they will be able to receive such assistance in the future, even if they are eligible for it. New slots will open up only as current beneficiaries move off the housing assistance rolls. Moreover, as PHAs move to achieve greater income mixing, the most needy are likely to get a smaller share of the replacement slots than they did in the past. Clearly, the costs of shelter will play a critical role in the pressures put on those who lose welfare income and do not benefit from HUD assistance.

But most  
welfare  
should  
be 7  
active

A recent HUD study estimates that 5.3 million renter households nationwide do not receive housing assistance but have "worst case housing needs," meaning they live in seriously substandard housing or pay an extremely high share (more than 50 percent) of their monthly income for rent.<sup>5</sup> Only a few families are in this group because the quality of their housing is deficient—for 89 percent of them, excessive rent burden is their only housing problem. Families that have to pay so much for rent are particularly vulnerable when their income is reduced for any reason. Many whose welfare and other benefits are cut back in the reform process will not only need to find a job, but one that keeps their income minimally at its previous level to let them continue making their rent payments and avoid eviction.

***An important cushion, and special service opportunities, for those who do receive housing assistance.***

Welfare terminées already receiving HUD subsidies, however, are in a safer position. If they are unable to find employment, by law their housing subsidy will increase when they lose their welfare income.<sup>6</sup> Some may be moved out of projects and be given tenant-based assistance instead. Either way, the bulk of the costs of adequate housing will be covered by the government regardless of how well these welfare terminées do in the labor market. As noted above, housing costs loom very large in the budgets of most poor families, so HUD subsidies represent a very important cushion for welfare terminées. ✓

Another possible benefit for those who live in public housing or publicly assisted projects is that having a sizable number of welfare recipients living together in the same complex creates opportunities and potential efficiencies for service delivery that would not exist if they were spread out in different units in the private housing market. HUD is now endorsing program initiatives to provide job training, job search assistance, and other social services within its housing projects. Such programs have not yet been funded at a significant scale, but some are under way, notably through the HOPE VI program. ✓

Further, HUD is now funding a major demonstration program—Jobs Plus—that will examine the effects of saturation-level welfare-to-work services in a number of other public housing developments not supported under HOPE VI. *get 7 info*

Through these initiatives, for the first time HUD is explicitly recognizing a responsibility to help prepare its tenants for upward mobility. Some observers, in fact, are talking about making public housing more of a “way station” that facilitates economic mobility for the poor more generally.<sup>7</sup> How well this may work has yet to be tested. It is not clear that HUD and the PHAs know how to accomplish this in practice. *they don't have to do it alone.*

***Fiscal uncertainty for the housing programs and the chance of greater inequities over the long term.***

If the transition from welfare to jobs works effectively for housing assistance recipients, pressure on HUD's budget could begin to decline. If it does not, however, HUD and local PHAs face some difficult challenges. Subsidies for their existing housing beneficiaries would need to be increased. Even if Congress were to hold total funding for HUD constant, we would probably see a net reduction in the number of low-income families served over time. As normal turnover occurs each year, PHAs would be able to bring in fewer new recipients from waiting lists than the number that had departed. HUD's

current service ratio (about 25 percent of eligible households) would go down, and project operating efficiencies would also be put under strain. In any given project, as the number of tenants declines, it is normally impossible to cut the costs of adequate maintenance and operating expenses proportionately.

***How the developments above occur will vary across states and among localities within states, depending on the extent and composition of HUD programs and the degree of overlap between HUD assistance and welfare reciprocity.***

Variations in HUD assistance run along two dimensions—the state level and the local level.

*State Variations.* Since HUD has allocated housing assistance on the basis of how aggressive local housing authorities and developers have been in seeking and using it, as well as on the basis of estimated need, we would not expect the distribution of assistance across states to perfectly match the distribution of low-income households. None-theless, the variations are substantial. As shown in table 2, the total number of households receiving housing assistance ranges from only 5,000 in Wyoming to 417,000 in New York. More meaningfully, however, states also vary widely in the degree to which the HUD assistance they receive matches their share (relative to the nation) of low-income households. As shown in the fourth column of table 3, in 1993 in five states—Massachusetts, New Hampshire, New York, Rhode Island, and South Dakota—shares of housing assistance recipients were at least one-third above the state's share of the nation's low-income households. In Massachusetts, for example, the ratio between the share of families receiving housing assistance and the share of that state's low-income families is 1.47; in Rhode Island it is 2.03. By contrast, in five other states—Arizona, Florida, Idaho, Utah, and Vermont—shares of housing recipients were at least 25 percent below that state's share of U.S. low-income households.

States also vary significantly in the mix of the three programmatic forms of HUD assistance they receive. For example, as seen in table 2, in states such as Alabama, Alaska, Georgia, Oklahoma, South Dakota, and Tennessee, a high proportion (over 40 percent) of assisted households were in public housing in 1993. In California and Iowa, however, only a small portion (11 percent) of assisted households were in public housing. States where publicly assisted housing is dominant (shares at or above 60 percent) include the District of Columbia, Indiana, Michigan, and New Hampshire. Alaska had only 19 percent of assisted households in that category. In California, Idaho, Maine, Oregon, and Vermont, over 45 percent of assisted households received tenant-based assistance in 1993, while in Tennessee only 7 percent did.

In addition to variation among states in the amounts and types of HUD assistance received, there is little consistency among states in the overlap between housing assistance and AFDC reciprocity. As seen in the sixth column of table 3, in nine states, a third or more of the AFDC caseload also received HUD assistance in 1993 (Alabama, Arkansas, Connecticut, Delaware, the District of Columbia, Massachusetts, Montana, Nebraska, and North Dakota). In contrast, the share of AFDC recipients also receiving housing assistance in California is only 8 percent, and below 16 percent in Arizona, Florida, Michigan, and Wisconsin.

*Local Variations.* Differences in program conditions such as those shown above between states may be even more striking between cities within states. The local scene is crucial because many of the decisions that will affect how HUD assistance impacts welfare reform will be made by local actors, particularly local PHAs.

HUD is already expanding the discretion of the PHAs to devise and implement their own operating and development strategies. Overall, the agency has been pressuring them to demolish their worst projects—mostly large high-rise developments—where social problems have been most concentrated in the past. But responses to that and other new pressures may well differ, depending on local political and economic factors. Some PHAs are building new housing, typically low-rise, to replace some of the units demolished, and some are looking for other creative ways to redevelop existing structures (where possible, to attract higher-income residents to projects that are well located). Other PHAs may consider phasing out of the business altogether, contracting out management responsibilities or even transferring housing title to local nonprofits. In most cases, some existing project residents will be displaced, be given tenant-based assistance, and have to find suitable apartments in the private housing market. Some PHAs may emphasize this strategy, pouring sizable numbers of new tenants into the local market in a short period of time.

Some of the most interesting questions about local variations relate to spatial effects within cities. Much of the public and publicly assisted housing stock is concentrated in some of the most distressed inner city neighborhoods. The more optimistic hypothesis is that reducing that stock and giving people tenant-based assistance will lessen the concentration of the poor, enabling more of them to move out to better neighborhoods with better housing. The pessimists argue that many of those with vouchers will not be able to find housing that meets program rent and quality requirements and that the results will be substantial increases in homelessness.

The impact of these changes on the welfare reform process will also vary depending on the extent of the local welfare/HUD assistance overlap. For some PHAs, welfare reform may be a side issue; for PHAs that house the dominant share of the affected welfare households in their localities, welfare reform may be central. In addition, PHAs are likely to exhibit different degrees of enthusiasm and skill in mounting on-site service programs to help tenants move toward jobs and self-sufficiency. These variables will most certainly affect outcomes for welfare terminées who receive housing assistance.

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State officials have little ability to control such outcomes directly, but changes in how housing assistance and welfare interact in individual localities will have important impacts on overall state performance in devolution. States may want to monitor local performance and encourage working partnerships among local housing agencies, welfare offices, and social service providers. Coordination would enhance coherence in local responses to a very complex set of challenges.

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## Notes

1. See Sandra J. Newman and Joseph Harkness, "The Effects of Welfare Reform on Housing: A National Analysis." Presented at the Policy Research Roundtable on the Implications of Welfare Reform for Housing, sponsored by the Fannie Mae Foundation and the Johns Hopkins University Institute for Policy Studies, Baltimore, Md., July 22, 1997.
2. Henry Cisneros's proposals are documented in U.S. Department of Housing and Urban Development, *Reinvention Blueprint*, December 19, 1994, and further detailed in U.S. Department of Housing and Urban Development, *HUD: Reinvention: From Blueprint to Action*, March 1995.
3. In the past, when public housing tenants found work and increased their income, they had to pay 30 percent of all such increases as rent payments to remain in the project. If the increase was substantial, this provided a strong incentive for them to move out. Under the new approach, they pay 30 percent of their income only up to the ceiling rent. They never have to pay more than the ceiling rent regardless of how much their income goes up. This policy is aimed at encouraging tenants other than the very low income to stay in public housing, thus increasing the income mix among tenants.
4. "House Panel Okays HUD Funding Bill with \$9.2 Billion for Section 8 Renewals," *Housing and Development Reporter Current Developments*, vol. 25, no. 8, June 30, 1997.
5. U.S. Department of Housing and Urban Development, Rental Housing Assistance at a

Crossroads: A Report to Congress on Worst Case Housing Needs, Washington, D.C.: U.S. Department of Housing and Urban Development, 1996. Of the 5.3 million total with worst case housing needs, almost half (2.4 million) are welfare or SSI beneficiaries.

6. Proposals have been made to prohibit increases in housing subsidies when welfare recipients lose welfare benefits due to sanctions (i.e., noncompliance with program rules). But as of September 1997, these proposals have not been enacted. There is no law preventing such housing assistance increases when welfare benefits are terminated due to time limits.

7. Many of the original proponents of public housing saw it playing this role, but over the years the idea was subverted as legal and rule changes led to concentrating the poorest of the poor in public housing projects. See, for example, Sandra J. Newman and Ann B. Schnare, *Beyond Bricks and Mortar: Reexamining the Purpose and Effects of Housing Assistance*, Washington, D.C.: Urban Institute Press, 1992.

## Tables & Figures

| <b>Table 1</b><br><b>Federal Housing Assistance by Program Type, 1993</b>                                                                                                                                                                                                                                                                                                                                                                                       |       |                          |                   |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------------|-------------------|-------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Total | Project-Based Assistance |                   | Tenant-Based Assistance |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |       | Public Housing           | Publicly Assisted |                         |
| Assisted households (x 1,000)                                                                                                                                                                                                                                                                                                                                                                                                                                   | 4,054 | 1,138                    | 1,716             | 1,200                   |
| Percent                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 100%  | 28%                      | 42%               | 30%                     |
| Percent of households                                                                                                                                                                                                                                                                                                                                                                                                                                           |       |                          |                   |                         |
| Race                                                                                                                                                                                                                                                                                                                                                                                                                                                            |       |                          |                   |                         |
| Black                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 40%   | 54%                      | 35%               | 34%                     |
| Hispanic                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 8     | 9                        | 6                 | 9                       |
| Non-Hispanic White                                                                                                                                                                                                                                                                                                                                                                                                                                              | 46    | 33                       | 54                | 47                      |
| Receive income from                                                                                                                                                                                                                                                                                                                                                                                                                                             |       |                          |                   |                         |
| Wages and salaries                                                                                                                                                                                                                                                                                                                                                                                                                                              | 38    | 29                       | 38                | 46                      |
| Social security/pensions                                                                                                                                                                                                                                                                                                                                                                                                                                        | 39    | 45                       | 45                | 25                      |
| Welfare and SSI                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 38    | 44                       | 28                | 45                      |
| Food stamps                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 49    | 56                       | 39                | 57                      |
| Head of household                                                                                                                                                                                                                                                                                                                                                                                                                                               |       |                          |                   |                         |
| Elderly                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 32    | 36                       | 39                | 18                      |
| Nonelderly female                                                                                                                                                                                                                                                                                                                                                                                                                                               | 48    | 46                       | 40                | 60                      |
| Source: U.S. Department of Housing and Urban Development, <i>Characteristics of HUD-Assisted Renters and Their Units in 1993</i> , Washington, D.C.: U.S. Department of Housing and Urban Development, 1997. Data in this report are derived largely from the 1993 American Housing Survey. Data do not include households that live in LIHTC projects or in other projects supported by HOME or CDBG funding that do not also receive tenant-based assistance. |       |                          |                   |                         |

**Table 2**  
**Distribution of Federal Housing Assistance by State, 1993**

| State             | Households Assisted (x 1,000) |                |                   |                         | Households Assisted (%)  |                |                   |                         |
|-------------------|-------------------------------|----------------|-------------------|-------------------------|--------------------------|----------------|-------------------|-------------------------|
|                   | Project-Based Assistance      |                |                   | Tenant-Based Assistance | Project-Based Assistance |                |                   | Tenant-Based Assistance |
|                   | Total                         | Public Housing | Publicly Assisted |                         | Total                    | Public Housing | Publicly Assisted |                         |
| Alabama           | 79                            | 38             | 22                | 19                      | 100%                     | 48%            | 27%               | 25%                     |
| Alaska            | 11                            | 7              | 2                 | 2                       | 100                      | 62             | 19                | 19                      |
| Arizona           | 41                            | 15             | 12                | 13                      | 100                      | 37             | 30                | 32                      |
| Arkansas          | 46                            | 13             | 16                | 17                      | 100                      | 29             | 34                | 37                      |
| California        | 405                           | 43             | 155               | 206                     | 100                      | 11             | 38                | 51                      |
| Colorado          | 55                            | 8              | 30                | 17                      | 100                      | 15             | 54                | 31                      |
| Connecticut       | 69                            | 18             | 37                | 15                      | 100                      | 25             | 53                | 21                      |
| Delaware          | 8                             | 3              | 3                 | 3                       | 100                      | 34             | 34                | 32                      |
| Dist. of Columbia | 34                            | 10             | 22                | 3                       | 100                      | 29             | 64                | 8                       |
| Florida           | 150                           | 38             | 63                | 49                      | 100                      | 26             | 42                | 33                      |
| Georgia           | 115                           | 49             | 44                | 22                      | 100                      | 43             | 38                | 19                      |
| Hawaii            | 19                            | 5              | 7                 | 7                       | 100                      | 24             | 37                | 39                      |
| Idaho             | 8                             | 1              | 3                 | 4                       | 100                      | 16             | 35                | 49                      |
| Illinois          | 186                           | 68             | 86                | 32                      | 100                      | 37             | 46                | 17                      |
| Indiana           | 88                            | 15             | 53                | 20                      | 100                      | 17             | 60                | 23                      |
| Iowa              | 37                            | 4              | 18                | 15                      | 100                      | 11             | 47                | 41                      |
| Kansas            | 33                            | 8              | 18                | 7                       | 100                      | 24             | 54                | 22                      |
| Kentucky          | 72                            | 22             | 32                | 19                      | 100                      | 30             | 44                | 26                      |
| Louisiana         | 78                            | 28             | 26                | 24                      | 100                      | 36             | 33                | 31                      |
| Maine             | 17                            | 4              | 5                 | 8                       | 100                      | 23             | 31                | 47                      |
| Maryland          | 89                            | 22             | 52                | 14                      | 100                      | 25             | 59                | 16                      |
| Massachusetts     | 140                           | 31             | 68                | 42                      | 100                      | 22             | 48                | 30                      |
| Michigan          | 135                           | 27             | 91                | 18                      | 100                      | 20             | 67                | 13                      |
| Minnesota         | 66                            | 20             | 26                | 20                      | 100                      | 30             | 40                | 30                      |
| Mississippi       | 46                            | 14             | 20                | 12                      | 100                      | 31             | 43                | 26                      |
| Missouri          | 89                            | 19             | 41                | 28                      | 100                      | 21             | 47                | 32                      |
| Montana           | 16                            | 6              | 6                 | 3                       | 100                      | 39             | 39                | 22                      |
| Nebraska          | 25                            | 7              | 8                 | 10                      | 100                      | 28             | 31                | 41                      |
| Nevada            | 19                            | 6              | 8                 | 5                       | 100                      | 31             | 43                | 26                      |
| New Hampshire     | 23                            | 4              | 14                | 5                       | 100                      | 16             | 61                | 23                      |
| New Jersey        | 139                           | 43             | 53                | 43                      | 100                      | 31             | 38                | 31                      |
| New Mexico        | 28                            | 11             | 7                 | 10                      | 100                      | 38             | 25                | 37                      |
| New York          | 417                           | 164            | 131               | 122                     | 100                      | 39             | 31                | 29                      |
| North Carolina    | 102                           | 35             | 35                | 32                      | 100                      | 34             | 35                | 31                      |
| North Dakota      | 12                            | 4              | 3                 | 5                       | 100                      | 35             | 24                | 41                      |
| Ohio              | 189                           | 49             | 92                | 48                      | 100                      | 26             | 49                | 25                      |
| Oklahoma          | 56                            | 23             | 16                | 16                      | 100                      | 42             | 29                | 29                      |

|                      |              |              |              |              |             |            |            |            |
|----------------------|--------------|--------------|--------------|--------------|-------------|------------|------------|------------|
| Oregon               | 40           | 6            | 14           | 21           | 100         | 14         | 34         | 52         |
| Pennsylvania         | 192          | 69           | 75           | 48           | 100         | 36         | 39         | 25         |
| Rhode Island         | 34           | 9            | 19           | 6            | 100         | 25         | 57         | 18         |
| South Carolina       | 53           | 15           | 26           | 13           | 100         | 27         | 49         | 24         |
| South Dakota         | 15           | 7            | 4            | 4            | 100         | 45         | 27         | 28         |
| Tennessee            | 82           | 35           | 40           | 6            | 100         | 43         | 49         | 7          |
| Texas                | 229          | 57           | 92           | 80           | 100         | 25         | 40         | 35         |
| Utah                 | 14           | 2            | 5            | 6            | 100         | 17         | 39         | 45         |
| Vermont              | 7            | 2            | 2            | 3            | 100         | 23         | 26         | 51         |
| Virginia             | 87           | 20           | 47           | 21           | 100         | 22         | 54         | 24         |
| Washington           | 66           | 18           | 26           | 23           | 100         | 26         | 39         | 35         |
| West Virginia        | 30           | 6            | 13           | 10           | 100         | 21         | 44         | 35         |
| Wisconsin            | 65           | 14           | 32           | 19           | 100         | 21         | 49         | 30         |
| Wyoming              | 5            | 1            | 3            | 2            | 100         | 21         | 51         | 28         |
| <b>United States</b> | <b>4,060</b> | <b>1,140</b> | <b>1,720</b> | <b>1,200</b> | <b>100%</b> | <b>28%</b> | <b>42%</b> | <b>30%</b> |

Source: Data are derived from U.S. Department of Housing and Urban Development, *The Geographic Distribution of HUD-Assisted Housing, 1993*, Washington, D.C.: U.S. Department of Housing and Urban Development, 1997. This source provides the state distribution of *housing units* in public and publicly assisted housing projects, and the number of households receiving tenant-based assistance, as of 1993. The distribution of HUD-assisted *households* in the table was estimated by applying each state's percentage of the total units in each major program to the total number of assisted households in each program given in table 1.

**Table 3**  
**State Analysis—Federal Housing Assistance and AFDC, 1993**

| State           | Percent of U.S. Totals         |                    |            | Ratio                  |                    | Percent of AFDC Cases With Housing Assistance |         |       |
|-----------------|--------------------------------|--------------------|------------|------------------------|--------------------|-----------------------------------------------|---------|-------|
|                 | Tot. Hshlds. w/Housing Assist. | Low-Income Hshlds. | AFDC Cases | % Hsg. Ast. % Low Inc. | % Hsg. Ast. % AFDC | Public Housing Other                          |         |       |
|                 |                                |                    |            |                        |                    | Total                                         | Housing | Other |
| Alabama         | 1.95%                          | 1.57%              | 0.96%      | 1.24                   | 2.04               | 32.9%                                         | 20.2%   | 12.7% |
| Alaska          | 0.27                           | 0.21               | 0.26       | 1.29                   | 1.03               | 28.4                                          | 18.9    | 9.5   |
| Arizona         | 1.00                           | 1.38               | 1.45       | 0.73                   | 0.69               | 15.1                                          | 6.5     | 8.6   |
| Arkansas        | 1.13                           | 1.06               | 0.50       | 1.06                   | 2.24               | 32.7                                          | 12.4    | 20.3  |
| California      | 9.96                           | 11.23              | 19.10      | 0.89                   | 0.52               | 7.7                                           | 1.9     | 5.8   |
| Colorado        | 1.36                           | 1.50               | 0.80       | 0.91                   | 1.69               | 23.6                                          | 7.0     | 16.6  |
| Connecticut     | 1.71                           | 1.33               | 1.27       | 1.29                   | 1.35               | 33.0                                          | 11.4    | 21.6  |
| Delaware        | 0.21                           | 0.27               | 0.22       | 0.78                   | 0.93               | 36.4                                          | 15.1    | 21.3  |
| Dist. of Colum. | 0.84                           | 1.01               | 0.56       | 0.82                   | 1.50               | 40.1                                          | 19.5    | 20.6  |
| Florida         | 3.69                           | 5.11               | 4.79       | 0.72                   | 0.77               | 15.5                                          | 3.9     | 11.6  |
| Georgia         | 2.84                           | 2.62               | 2.89       | 1.08                   | 0.98               | 25.6                                          | 16.0    | 9.6   |
| Hawaii          | 0.47                           | 0.37               | 0.45       | 1.26                   | 1.05               | 24.8                                          | 9.0     | 15.8  |
| Idaho           | 0.21                           | 0.40               | 0.19       | 0.52                   | 1.09               | 29.2                                          | 1.6     | 27.6  |
| Illinois        | 4.58                           | 4.54               | 4.91       | 1.01                   | 0.93               | 19.5                                          | 10.0    | 9.5   |
| Indiana         | 2.18                           | 2.26               | 1.36       | 0.96                   | 1.60               | 17.7                                          | 6.5     | 11.2  |
| Iowa            | 0.92                           | 1.12               | 0.76       | 0.82                   | 1.21               | 26.8                                          | 4.5     | 22.3  |
| Kansas          | 0.82                           | 0.95               | 0.59       | 0.86                   | 1.40               | 18.3                                          | 7.2     | 11.1  |
| Kentucky        | 1.78                           | 1.56               | 1.57       | 1.14                   | 1.14               | 28.0                                          | 9.6     | 18.4  |
| Louisiana       | 1.91                           | 1.76               | 1.66       | 1.09                   | 1.15               | 25.3                                          | 11.5    | 13.8  |
| Maine           | 0.42                           | 0.53               | 0.45       | 0.79                   | 0.93               | 20.6                                          | 7.4     | 13.2  |
| Maryland        | 2.18                           | 1.79               | 1.61       | 1.22                   | 1.35               | 28.7                                          | 8.9     | 19.8  |
| Massachusetts   | 3.46                           | 2.35               | 2.09       | 1.47                   | 1.65               | 33.7                                          | 13.1    | 20.6  |
| Michigan        | 3.33                           | 3.93               | 4.19       | 0.85                   | 0.80               | 10.8                                          | 1.9     | 8.9   |
| Minnesota       | 1.63                           | 1.86               | 1.19       | 0.88                   | 1.38               | 32.1                                          | 12.7    | 19.4  |
| Mississippi     | 1.12                           | 1.01               | 1.09       | 1.11                   | 1.03               | 22.5                                          | 5.7     | 16.8  |
| Missouri        | 2.18                           | 2.10               | 1.85       | 1.04                   | 1.18               | 25.3                                          | 5.4     | 19.9  |
| Montana         | 0.40                           | 0.33               | 0.24       | 1.20                   | 1.66               | 40.3                                          | 13.0    | 27.3  |
| Nebraska        | 0.63                           | 0.64               | 0.31       | 0.98                   | 2.03               | 36.6                                          | 10.7    | 25.9  |
| Nevada          | 0.46                           | 0.52               | 0.33       | 0.88                   | 1.40               | 21.4                                          | 0.0     | 21.4  |
| New Hampshire   | 0.56                           | 0.42               | 0.22       | 1.34                   | 2.51               | 19.8                                          | 9.9     | 9.9   |
| New Jersey      | 3.42                           | 3.10               | 2.47       | 1.10                   | 1.39               | 17.0                                          | 7.6     | 9.4   |
| New Mexico      | 0.68                           | 0.64               | 0.72       | 1.06                   | 0.95               | 26.3                                          | 9.6     | 16.7  |
| New York        | 10.26                          | 7.14               | 9.49       | 1.44                   | 1.08               | 26.4                                          | 14.0    | 12.4  |
| North Carolina  | 2.51                           | 2.64               | 2.61       | 0.95                   | 0.96               | 23.7                                          | 12.1    | 11.6  |
| North Dakota    | 0.29                           | 0.25               | 0.11       | 1.14                   | 2.67               | 53.3                                          | 5.9     | 47.4  |
| Ohio            | 4.65                           | 4.54               | 4.74       | 1.02                   | 0.98               | 25.3                                          | 7.5     | 17.8  |
| Oklahoma        | 1.37                           | 1.29               | 0.93       | 1.06                   | 1.47               | 27.5                                          | 2.4     | 25.1  |

|                      |                |                |                |             |             |              |             |              |
|----------------------|----------------|----------------|----------------|-------------|-------------|--------------|-------------|--------------|
| Oregon               | 1.00           | 1.11           | 0.82           | 0.90        | 1.22        | 17.5         | 1.6         | 15.9         |
| Pennsylvania         | 4.73           | 4.93           | 4.25           | 0.96        | 1.11        | 18.9         | 12.7        | 6.2          |
| Rhode Island         | 0.84           | 0.41           | 0.46           | 2.03        | 1.81        | 30.2         | 9.6         | 20.6         |
| South Carolina       | 1.31           | 1.36           | 1.02           | 0.96        | 1.29        | 27.1         | 8.5         | 18.6         |
| South Dakota         | 0.37           | 0.28           | 0.13           | 1.33        | 2.87        | 27.5         | 0.0         | 27.5         |
| Tennessee            | 2.01           | 2.14           | 2.16           | 0.94        | 0.93        | 28.4         | 17.9        | 10.5         |
| Texas                | 5.64           | 6.37           | 5.70           | 0.89        | 0.99        | 19.8         | 6.3         | 13.5         |
| Utah                 | 0.34           | 0.56           | 0.35           | 0.61        | 0.98        | 25.7         | 2.4         | 23.3         |
| Vermont              | 0.16           | 0.22           | 0.20           | 0.73        | 0.81        | 21.7         | 7.9         | 13.8         |
| Virginia             | 2.15           | 2.36           | 1.50           | 0.91        | 1.44        | 32.2         | 16.0        | 16.2         |
| Washington           | 1.63           | 2.08           | 2.12           | 0.78        | 0.77        | 20.6         | 5.9         | 14.7         |
| West Virginia        | 0.73           | 0.73           | 0.80           | 1.00        | 0.91        | 23.9         | 4.4         | 19.5         |
| Wisconsin            | 1.60           | 1.95           | 1.50           | 0.82        | 1.07        | 15.1         | 3.8         | 11.3         |
| Wyoming              | 0.13           | 0.17           | 0.11           | 0.76        | 1.21        | 18.3         | 6.0         | 12.3         |
| <b>United States</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>1.00</b> | <b>1.00</b> | <b>20.2%</b> | <b>7.9%</b> | <b>12.3%</b> |

Source: The distribution of households receiving housing assistance (as of 1993) is derived from table 2. The distribution of low-income households by state (as of 1989) is provided in U.S. Department of Housing and Urban Development, *The Geographic Distribution of HUD-Assisted Housing, 1993*, Washington, D.C.: U.S. Department of Housing and Urban Development, 1997. Low-income households are households with incomes below 80 percent of the median income in their localities. The distributions of AFDC cases and their overlap with housing assistance are derived from AFDC Quality Control data maintained by the Urban Institute.

## About the Authors

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