Chapter 6: Housing

- Number of federal programs: 20
    - Number of tax expenditures: 2
- Number of federal agencies involved: 3
    - Department of Agriculture
    - Department of Housing and Urban Development
    - Department of Treasury
- Fiscal year 2012 cost: $49.6 billion

RENTAL-ASSISTANCE PROGRAMS
Tenant-Based Rental Assistance Program

Purpose

The Tenant-Based Rental Assistance Program provides vouchers to low-income families to help them find affordable housing.

History

The Tenant-Based Rental Assistance Program, also known as the Housing Choice Voucher Program or Tenant-Based Section 8, is the federal government's largest low-income housing assistance program. Of the approximately $49.6 billion spent on low-income housing assistance in fiscal year 2012, $17.9 billion (about 36 percent of the total) funded Section 8 vouchers. Roughly 2.2 million households receive voucher subsidies through the program.[460]

Section 8 of the Housing Act of 1937 authorized the federal government to provide rental assistance to low-income households in the form of project-based and tenant-based aid. Section 8 programs are administered by the U.S. Department of Housing and Urban Development. Following the passage of the 1937 Housing Act, HUD focused primarily on project-based aid and providing subsidies to stimulate the supply of clean, structurally sound, and affordable housing available to low-income families. As the supply of available low-income housing increased over time, the focus began to shift to affordability and to providing subsidies to privately owned, already existing units. So Congress approved the Housing and Community Development Act of 1974, which amended the Housing Act of 1937 to create the Section 8 program. According to the legislative text, the program's mission was to aid "lower-income families in obtaining a decent place to live and of promoting economically mixed housing."[461] In contrast to prior federal housing programs, which focused primarily on new construction of affordable housing units, the act provided authorization to "enter into contracts to make assistance payments to owners of existing dwelling units."[462]

From 1974 to 1983, Section 8 was primarily a project-based program. It provided subsidies to privately owned units and paid owners the difference between the tenant payment and the rent charged. (For more on the project-based portion, see the next section.) There was also a housing-certificate component. In 1983, Congress repealed the construction and rehabilitation components of the Section 8 program and authorized a new program aimed at giving low-income families more flexibility in choosing their home, called the Housing Choice Voucher Program. The voucher program was combined with the existing certificate program in 1998.[463]

Outlays of the tenant-based portion of Section 8 assistance have grown over time, and in fiscal year 2012, they were almost twice as large as those for the project-based component. Until 2005, funding for both project-based and tenant-based rental assistance was provided

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[460] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. G-1.
[461] "Housing and Community Development Act of 1974" (P.L. 93-383, 22 Aug. 1974) p. 30.
[462] Ibid.
[463] Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014.

through the Housing Certificate Fund. Now the two programs are funded from separate accounts. As described in the appendix to the President's fiscal year 2014 budget, the Housing Certificate Fund "retains and recovers balances from previous years' appropriations, and uses those balances to support contract renewals, amendments, and performance-based contract administrators."[464]

Tenant-based Section 8 is administered by approximately 2,350 local Public Housing Authorities, which receive annual funding from HUD.[465] Under the terms of the program, households that apply and are approved to receive assistance are granted a housing-choice voucher, which they may use towards rent for an eligible unit in the private market. Eligible units include single-family homes, townhouses, and apartments.[466]

Unlike many means-tested programs, housing is not an entitlement. Rather, federal housing programs are funded by annual congressional appropriations. So not all eligible households receive benefits, and the Public Housing Authorities that oversee most housing-assistance programs typically have waitlists. Families seeking housing assistance may apply through a Public Housing Authority for more than one kind of assistance, and they can accept assistance through various programs based on their eligibility as additional Section 8 vouchers or units through other HUD programs become available. PHAs may establish preferences that would allow certain families to move up the waitlist more quickly. For example, PHAs may establish preferences that favor families who are homeless or living in substandard housing, families paying more than 50 percent of their income for rent, or families who are involuntarily displaced.[467] Currently, the majority of annual appropriations for Tenant-Based Section 8 are used to fund existing vouchers. Of HUD's total fiscal year 2014 request for Tenant-based Section 8, $17.9 billion was requested for contract renewals.[468] If additional funds are available after contracts are renewed, HUD grants new vouchers to PHAs on a competitive basis.

In order to be eligible to receive a Housing Choice Voucher, a household must have an annual adjusted income[469] at or below 50 percent of the area median income. However, PHAs are statutorily required to provide 75 percent of vouchers to "extremely low-income" households, or households with income at the higher of 30 percent of local AMI or the poverty guidelines.[470] Of the families currently receiving Tenant-Based Section 8 assistance, 78

[464] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget, p. 546.
[465] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget, p. 543.
[466] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. G-4.
[467] "Housing Choice Vouchers Fact Sheet," U.S. Department of Housing and Urban Development, Accessed 11 Feb. 2014.
[468] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. G-4.
[469] Adjusted income is calculated as gross income less income exclusions and deductions. Gross income includes funds from sources such as employment, payments from Social Security, disability income, TANF cash assistance (with exceptions), unemployment compensation, and alimony and child support. Excludable income sources may include Earned Income Tax Credit (EITC) refund payments on or after January 1, 1991, lump sum deferred payments for Supplemental Security Income or Social Security or Veterans Disability, payments received for the care of foster children, and amounts received to pay for medical assistance. This list is not exhaustive. See "General Income and Rent Determination Frequently Asked Questions (FAQs)," U.S. Department of Housing and Urban Development, Accessed 11 Feb. 2014. See also: "Housing and Urban Development: Annual Income," 24 CFR 5.609.
[470] Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014. As noted in the CRS report, prior to the passage of the 2014 Omnibus

percent are extremely low income—their adjusted incomes are at or below 30 percent of the area median income.[471] Forty percent have a disabled head of household, and 18 percent are elderly families.[472]

Whether a unit is eligible to be occupied by Section 8 voucher holders depends on both the rent price charged by the property owner as well as the physical condition of the unit. HUD determines Fair Market Rents (FMRs) for over 500 metropolitan areas and over 2,000 nonmetropolitan areas before the start of each fiscal year. HUD generally sets FMRs at the 40th percentile of the local market rents for various apartment sizes, but under certain circumstances, they will also use the 50th percentile.[473] Voucher recipients may use that voucher at any unit that is not priced higher than 90 percent to 110 percent of HUD's FMR for their local area. And to remain eligible for occupancy by Section 8 voucher holders, a unit must pass biennial inspection to ensure compliance with HUD standards.[474]

Households that are granted a voucher shop for and select a unit of their choice, sign a contract with the building's landlord, and pay rent to the owner of the unit they select. The rental payment—which HUD calls an "annual tenant payment"—goes toward occupancy and utilities. Annual tenant payments are calculated as the greater of:

- 30 percent of monthly adjusted income (i.e., monthly annual income less any applicable deductions)
- 10 percent of monthly income
- Welfare rent
- A minimum rent set by the housing authority (PHAs may set minimum rent between $25 and $50).[475]

If a family selects a unit with rent above the local payment standard, the family must pay 30 percent of its monthly adjusted gross income plus the additional difference between the rent and the payment standard. However, a family may not pay more than 40 percent of adjusted monthly income in rent during the first year in a new unit.

With monies received from HUD, Public Housing Authorities pay a subsidy, called a Housing Assistance Payment, directly to the landlord in the amount equal to the difference between the rent charged by the owner and the tenant payment as determined by the conditions above.[476] According to HUD, in 2012 the average total rent of voucher recipients was $955 per month. Of this, the average tenant contribution was $336, and the average Housing Assistance

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Appropriations Act, "extremely low-income" households were defined as households with income at or below 30 percent of AMI—with no consideration of poverty guidelines.

[471] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. G-4.

[472] Ibid.

[473] "Fair Market Rents for Existing Housing: Methodology," 24 CFR 888.113.

[474] Prior to the passage of the fiscal year 2014 Omnibus Appropriations bill, inspections were required to be conducted on an annual basis. See the following: Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014.

[475] "Chapter 6: Calculating Rent and HAP Payments," Housing Choice Voucher Program Guidebook, Accessed 11 Feb. 2014: p. 6-1.

[476] Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014.

Payment was $617.[477]

There are no work requirements for receiving tenant-based Section 8 assistance. And once a household has a voucher, it may keep it for an unlimited amount of time if the family is still eligible based on the income requirements. A household is no longer eligible for Section 8 assistance when its income increases to a level where rent is less than 30 percent of that income.[478] However, a household may keep its voucher for up to six months after passing the income threshold. This provision allows for the smoothing of income over the year and keeps households with seasonal jobs from losing their voucher due to a temporary boost in income. According to HUD's Resident Characteristics Report, which considers data from October 2012 through January 2014, 30 percent of current voucher holders remain on Section 8 assistance for ten years or longer.[479]

Section 8 vouchers are portable; however, some restrictions apply.[480] Generally speaking, households may move from one unit to another as long as they provide advance notice to the PHA, terminate their existing lease, and find alternative housing.

The Tenant-Based Section 8 account has several set-asides, including vouchers specifically designated for veterans (through the HUD–VASH program) or tenant-protection vouchers for households whose current form of housing assistance is being demolished and who are granted a Section 8 voucher as a replacement.

Evidence

Evidence on the effectiveness of Tenant-Based Rental assistance is mixed. While some families use their Section 8 voucher to relocate to a neighborhood with lower poverty and greater opportunity, the evidence suggests many families make an initial move to a low-poverty neighborhood but then move back to a high-poverty neighborhood. Or many never move from a high-poverty neighborhood at all. Evidence also suggests voucher recipients do not experience substantial improvement in education or earnings upon obtaining a voucher.

- ***The Section 8 Voucher Program concentrates new vouchers on the lowest-income families.*** As discussed above, households granted a Section 8 voucher are required to pay no more than 30 percent of their income towards rent. Thus, assuming a household was paying more than 30 percent of its income in rent prior to receiving a voucher, the program by design eases participating households' rent burdens. Additionally, the requirement that PHAs issue 75 percent of vouchers to "extremely low-income" households (i.e., households with income at the higher of 30 percent of local AMI or the poverty guidelines) focuses the program's mission and directs assistance to families who are experiencing the greatest need. As mentioned above, 78 percent of families receiving housing vouchers are defined

[477] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. G-17.
[478] Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014.
[479] "HUD Resident Characteristics Report," U.S. Department of Housing and Urban Development, Accessed 11 Feb. 2014.
[480] For example, if the PHA in the area a family moves to does not absorb the voucher, the original value of the voucher still applies. This could act as a barrier to a family wishing to move from a low-cost area to a higher-cost area.

as extremely low income, and 19 percent have incomes between 31 and 50 percent of median income; the average annual gross income of a household receiving Tenant-Based Section 8 assistance is $12,933.[481]

- ***Spending on Tenant-Based Section 8 has grown, but the number of eligible households hasn't declined.*** Tenant-Based Rental Assistance costs have grown from $10 billion in 2005 to almost $18 billion in 2012, a cumulative increase of 79 percent. From 1998 to 2004, voucher outlays grew 93 percent, or 71 percent after an inflation adjustment.[482] In a 2006 report, GAO attributed the majority of growth in voucher costs over this period to an increase in the average rental subsidy per household, driven by changes in market rents, decisions by PHAs to increase the maximum rents eligible for subsidies, and low growth in incomes of assistance recipients.[483] Meanwhile, as outlined in HUD's most recent Worst Case Housing Needs Report to Congress, the population of very low-income renters facing "worst case housing needs," defined as "renters with very low incomes (below 50% of the median income in their areas) who do not receive government housing assistance and who either paid more than 50% of their monthly incomes in rent, lived in substandard conditions, or both," increased from 7.1 million in 2009 to 8.5 million in 2011.[484] This is a 19 percent increase since 2009 and a 43 percent increase since 2007.[485] Notably, only 3 percent of households with "worst-case housing needs" qualify as such because of substandard conditions. The overwhelming majority are classified as experiencing worst-case housing needs because they pay over 50% of their income in rent.[486] While the Great Recession was a contributing factor, these statistics are troubling given the growth in program outlays described above. GAO has suggested costs of administering the Tenant-Based Section 8 program could be reduced by billions of dollars by taking actions including reducing PHA reserves, streamlining program administration, and implementing rent reform.[487]

Tenant-Based Section 8 and Household Relocation

- ***Voucher recipients don't necessarily use them to relocate to a lower-poverty neighborhood***. A study by Devine et al. (2003) found that in the 50 largest Metropolitan Statistical Areas, 28 percent of households that receive vouchers and have children live in neighborhoods with poverty rates that are 10 percent or less and 30 percent of voucher households with children live in neighborhoods with poverty rates between 10 percent and 20 percent. However, 22 percent live in neighborhoods with poverty rates over 30 percent.[488] Covington et al. (2011) examine the location of voucher recipients in the 100 largest U.S.

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[481] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: pp. G-14-15.
[482] "Rental Housing Assistance: Policy Decisions and Market Factors Explain Changes in The Costs of the Section 8 Programs," U.S. Government Accountability Office, Apr. 2006.
[483] Ibid.
[484] "Worst Case Housing Needs 2011: Report to Congress," U.S. Department of Housing and Urban Development, Feb. 2013.
[485] Ibid.
[486] Ibid.
[487] "Housing Choice Vouchers: Options Exist to Increase Program Efficiencies," U.S. Government Accountability Office, Mar. 2012.
[488] Deborah Devine, Robert Gray, Lester Rubin, and Lydia Taghavi, "Housing Choice Voucher Location Patterns: Implications For Participant And Neighborhood Welfare," U.S. Department of Housing and Urban Development Office of Policy Development and Research, Jan. 2003.

metropolitan areas between 2000 and 2008 and find that voucher holders, along with low-income households on the whole, are increasingly moving to the suburbs. The percentage of voucher holders living in suburban areas increased 2.1 percent from 2000 to 2008; by 2008, 49.4 percent of voucher households lived in suburban areas. However, the study reports that even when families use a voucher to move to suburbs, they are more likely to live in "low-income suburbs with inferior access to jobs."[489]

Tenant-Based Section 8 and Mobility

Some studies report that Section 8 vouchers have a negative effect on employment and earnings. However, the reported effect is small, and the academic community lacks consensus that this effect exists for the majority of voucher recipients.

- ***Section 8 Vouchers' impact on earnings and employment is contested***. Jacob and Ludwig (2008) study a randomized housing-voucher wait-list lottery in Chicago and find that Section 8 voucher use reduces quarterly labor-force participation by four percentage points and quarterly earnings by $285.[490] Carlson et al. (2009) analyze outcomes for voucher recipients in the State of Wisconsin who requested or received food stamps and/or TANF benefits experienced for five years after voucher receipt. They find recipients initially experience an average annual decline in earnings of $858 in the initial year of voucher receipt. However, the negative income effect decreased to $277 five years after voucher receipt.[491] Basolo (2013) uses survey data from voucher holders in California combined with secondary data to examine outcomes of voucher holders. The paper finds that movers did not have better outcomes than non-movers, but that voucher holders moved to neighborhoods with lower poverty and better school quality relative to their pre-move residence. The study also finds that employment among movers dropped after their moves.[492]

Lessons from the Moving to Opportunity for Fair Housing Demonstration Program

In 1992, Congress authorized a ten-year demonstration program, Moving to Opportunity, to test the impact of voucher receipt combined with housing counseling on low-income households with children. MTO was authorized under Section 152 of the Housing and Community Development Act of 1992. Randomly selected households from the five public housing authorities were selected to participate in the demonstration. The participating PHAs were located in Baltimore, Boston, Chicago, Los Angeles, and New York City. Families randomly selected to be in the experimental group were given Section 8 certificates or vouchers that could be used only in areas with a poverty rate of 10 percent or lower, as well as housing counseling assistance. Families in the comparison group were given vouchers without restrictions. The control group did not receive vouchers but remained eligible for project-based

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[489] Kevin Covington, Lance Freeman, and Michael A. Stoll, "The Suburbanization of Housing Choice Voucher Recipients," Brookings Institution, 11 Oct. 2011: p. 1.

[490] Brian Jacob and Jens Ludwig, "The Effects of Housing Assistance on Labor Supply: Evidence from a Voucher Lottery: Evidence from a Voucher Lottery," The National Bureau of Economic Research, Dec. 2008.

[491] Devon Carlson, Robert Haveman, Tom Kaplan, and Barbara Wolfe, "Long-Term Effects of Public Low-Income Housing Vouchers on Labor Market Outcomes," Institute for Research on Poverty, Apr. 2009.

[492] Victoria Basolo, "Examining Mobility Outcomes in the Housing Choice Voucher Program: Neighborhood Poverty, Employment and Public School Quality," *Cityscape*, Vol. 15, No.2, 2013.

housing assistance and other government programs. Over 4,600 low-income families with children participated in the demonstration.[493] The demonstration was not re-authorized. Moving to Opportunity was not funded from a separate account but as a set-aside within the account funding other Section 8 programs.

Literature on the Moving to Opportunity Program generally finds that households in the experimental group who received vouchers and counseling ended up living in neighborhoods with lower poverty. However, while households in this group were shown to have slightly improved health outcomes, the evidence shows that MTO did not substantially impact their employment or earnings outcomes.

- ***Households that use vouchers to move to a lower-poverty neighborhood don't always stay there.*** While many MTO households in the treatment group made an initial move to a lower-poverty neighborhood, many families ultimately moved back to a higher-poverty neighborhood after one or two years.[494] Additionally, Turner et al (2012) observed that while "the experimental group families moved to better-quality housing and safer neighborhoods than their counterparts in the control group, few spent more than a year or two in high-opportunity neighborhoods."[495]

- ***Vouchers help health outcomes, but not education, employment, or income.*** The Final Impacts Evaluation of MTO, conducted by Sanbonmatsu et al. (2011), found that demonstration participants who received vouchers without restrictions and participants who received counseling and vouchers with restrictions relocated to lower poverty neighborhoods than the control group. However, the evaluation also noted that while members of the Section 8 group and experimental group had better health outcomes than members of the control group, they did not have better educational, employment, or income outcomes. The evaluation states, "A more comprehensive approach is needed to reverse the negative consequences of living in neighborhoods with heavily concentrated poverty. Housing is a platform for positive outcomes, but it is not sufficient alone for achieving these additional benefits."[496] Leventhal et al. (2003) also found that MTO did not materially impact employment or economic well-being.[497]

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[493] Lisa Sanbonmatsu, Jens Ludwig, Lawrence F. Katz, Lisa A. Gennetian, Greg J. Duncan, Ronald C. Kessler, Emma Adam, Thomas W. McDade and Stacy Tessler Lindau, With Matthew Sciandra, Fanghua Yang, Ijun Lai, William Cogdon, Joe Amick, Ryan Gillette, Michael A. Zabek, Jordan Marvakov, Sabrina Yusuf and Nicholas A. Potter, "Moving to Opportunity for Fair Housing Demonstration Program: Final Impacts Evaluation," U.S. Department of Housing and Urban Development Office of Policy Development and Research, Nov. 2011.
[494] Margery Austin Turner, Jennifer Comey, Daniel Kuehn, and Austin Nichols, with Kaitlin Franks and David Price, "Helping Poor Families Gain and Sustain Access to High-Opportunity Neighborhoods," Urban Institute, Oct. 2011.
[495] Margery Austin Turner, Austin Nichols, and Jennifer Comey, with Kaitlin Franks and David Price, "Benefits of Living in High-Opportunity Neighborhoods; Insights from the Moving to Opportunity Demonstration," Urban Institute, Sept. 2012: p. 2.
[496] Lisa Sanbonmatsu, Jens Ludwig, Lawrence F. Katz, Lisa A. Gennetian, Greg J. Duncan, Ronald C. Kessler, Emma Adam, Thomas W. McDade and Stacy Tessler Lindau, with Matthew Sciandra, Fanghua Yang, Ijun Lai, William Cogdon, Joe Amick, Ryan Gillette, Michael A. Zabek, Jordan Marvakov, Sabrina Yusuf and Nicholas A. Potter, "Moving to Opportunity for Fair Housing Demonstration Program: Final Impacts Evaluation," U.S. Department of Housing and Urban Development Office of Policy Development and Research, Nov. 2011: p. vii.
[497] Tama Leventhal and Jeanne Brooks-Gunn, "Moving to Opportunity: An Experimental Study of Neighborhood Effects on Mental Health," American Journal of Public Health, Sept. 2003.

Funding

Before 2005, funding for both Tenant-Based Assistance and Project-Based Assistance was provided through the Housing Certificate Fund. After 2005, Tenant-Based Assistance and Project-Based Assistance were funded from distinct accounts. In fiscal year 2012, the federal government spent $17.9 billion on Tenant-Based Assistance.

Project-Based Rental Assistance

Purpose
Project-Based Rental Assistance supports affordable housing units for low-income families.

History
The Project-Based Rental-Assistance Program, also known as Project-Based Section 8, was authorized under Section 8 of the U.S. Housing Act of 1937, as amended by the Housing and Community Development Act of 1974. In contrast with the Tenant-Based Section 8 Program, Project-Based Section 8 vouchers are not portable; they are assigned to a specific unit and not to the individual household.[498] Like Tenant-Based Section 8 units, however, eligible project-based Section 8 units are not owned and operated by the government but by a landlord in the private sector. As the focus has shifted away from project-based assistance and toward a portable-voucher system, the program has taken a back seat to the Tenant-Based Section 8 program. While Congress stopped issuing new project-based contracts in 1983, property owners have the option to renew existing contracts when they expire. Approximately 1.2 million units are still funded.[499]

In order to quality for Project-Based Rental Assistance, participants must be "low-income" (i.e., their income must be at or below 80 percent of area median income). Additionally, 40 percent of newly available units must be rented to "extremely low-income" households (i.e., their income must be at the higher 30 percent of AMI or the poverty guidelines).[500]

In order to live in a Project-Based Section 8 unit, participating households must pay rent calculated according to the same criteria as Tenant-Based assistance, i.e., the higher of:

- 30 percent of monthly adjusted income (i.e., monthly annual income less any applicable deductions)
- 10 percent of monthly income
- Welfare rent
- A minimum rent set by a HA (regulations allow PHAs to set minimum rent between $25 and $50)

HUD pays subsidies, called Housing Assistance Payments, to property owners in amounts equal to the difference between the tenant payment and the contract rent charged by the owner. HUD generally adjusts contract rents each year based on an inflation factor. When a contract expires, landlords have the option of renewing the contract for up to five years or converting the unit to market rate. [501]

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[498] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.
[499] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. Y-3.
[500] Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014. As noted in the report, the definition of extremely low income was amended by the 2014 Omnibus Appropriations Bill to include the poverty guidelines.
[501] Maggie McCarty, "An Overview of the Section 8 Housing Programs: Housing Choice Vouchers and Project-Based Rental Assistance," Congressional Research Service, Feb. 2014.

Evidence
Research on Project-Based Section 8 is limited, but Congress's decision to stop issuing new project-based vouchers demonstrates the general preference for other forms of low-income housing assistance, particularly Tenant-Based Section 8 vouchers. The Bush administration's Program Assessment Rating Tool rated the program "ineffective" in 2002, for reasons including the program's poor financial controls, participating household's inability to move to better housing, confusion over the objective of the program, and lack of performance targets.[502]

Funding
Before 2005, funding for both Tenant-Based Assistance and Project-Based Assistance was provided through the Housing Certificate Fund. After 2005, Tenant-Based Assistance and Project-Based Assistance were funded from distinct accounts. As described in the appendix to the President's fiscal year 2014 budget, the Housing Certificate Fund "retains and recovers balances from previous years' appropriations, and uses those balances to support contract renewals, amendments, and performance-based contract administrators."[503] In fiscal year 2012, outlays for Project-Based Assistance were $9.2 billion.

[502] "Program Assessment: Project-Based Rental Assistance," ExpectMore.gov, Accessed 11 Feb. 2014.
[503] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 546.

Public Housing

Purpose
The Public Housing program provides funding to local housing authorities that own and operate public-housing complexes for low-income families.

History
Today approximately 3,300 PHAs provide public housing to roughly 1.2 million households.[504] Over 50 percent of Public Housing tenants are elderly, disabled, or both.[505]

Public housing is funded from two separate appropriations—one appropriation for the operating fund and one for the capital fund. The process of funding Public Housing from two streams was established in 1998 by the Quality Housing and Work Responsibility Act. The Operating Fund provides funding to PHAs for the operating and management of public housing. The Capital Fund provides funds for the development, financing, and modernization of public housing.[506] Notably, under the 1998 Public Housing Reform Act, PHAs were prohibited from growing the total number of public-housing units in their inventory.

Resident households are required to pay rent, called a "total tenant payment," which is calculated as the highest of the following:

- 30 percent of monthly adjusted income (i.e., monthly annual income less any applicable deductions)
- 10 percent of monthly income
- Welfare rent
- A minimum rent set by a HA (regulations allow PHAs to set minimum rent between $25 and $50)

Participants in the Public Housing program generally have the option to pay a flat rent rather than the rent calculated as a percentage of income as described above. Notably, the fiscal year 2014 omnibus appropriations bill includes a provision that requires PHAs to establish a flat rent that is at least 80 percent of the fair-market rent. However, the new flat rent will be phased in over time if it increases a household's existing rent by more than 35 percent annually. PHAs are required to comply by June 1, 2014.[507]

In order to be eligible for public housing, a household must have income at or below 80 percent of local area median income. But 40 percent of newly available units must be reserved for households with income at or below 30 percent of local area median income.[508]

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[504] "Public Housing," U.S. Department of Housing and Urban Development. Accessed 11 Feb. 2014.
[505] Barbara Sard, "Most Rental Assistance Recipients Work, Are Elderly, or Have Disabilities," Center on Budget and Policy Priorities, 17 Jul. 2013.
[506] Maggie McCarty, "Introduction to Public Housing," Congressional Research Service, 13 Feb. 2014.
[507] Ibid.
[508] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.

Once granted public housing, a household may stay there as long as its income does not exceed eligibility requirements and it complies with the lease. Non-exempt tenants (i.e., those who are not working and are not elderly or disabled) are required to perform eight hours of community service each month.[509]

Like many of the other rental-assistance programs, waiting lists to receive Public Housing assistance are long—families can spend months or even years waiting to receive assistance.[510]

Evidence
The 1998 legislation prohibited the program from increasing the net number of public-housing units, and HOPE VI program works specifically to demolish public-housing projects. Both are evidence of the general consensus that public housing is not the most effective method of providing low-income housing assistance. Public housing is generally seen as concentrating poverty in one area.

- ***Public housing may impede the upward mobility of tenants.*** Newman and Harkness (1999) compare the outcomes of low-income teenagers who lived in HUD's public and assisted housing developments with teenagers who did not receive assistance. They conclude that individuals who lived in assisted housing at some point between the ages of 10 and 16 spent more time on welfare, had lower earnings, and were more likely to be in poverty as adults than teenagers who did not receive assistance. However, the authors attribute this more to the disadvantaged backgrounds of teenagers who received assistance rather than to the direct impact of time spent living in public housing.[511] Currie and Yelowitz (1997) also acknowledge that living in housing projects is associated with more negative outcomes for children, but suggest that the widely held notion that public-housing projects are detrimental to children is not founded on empirical research.[512]

Funding
In fiscal year 2012, the federal government spent $6.9 billion on Public Housing. Of this, $2.7 billion came from the Capital Fund and $4.2 billion from the Operating Fund.

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[509] Maggie McCarty, "Introduction to Public Housing," Congressional Research Service, 13 Feb. 2014.
[510] Ibid.
[511] Sandra Newman and Joseph Harkness, "The Long Term Effects of Housing Assistance on Self-Sufficiency," U.S. Department of Housing and Urban Development Office of Policy Development and Research, Dec. 1999.
[512] Janet Currie and Aaron Yelowitz, "Are Public Housing Projects Good for Kids?" *Journal of Public Economics*, Vol. 75, 1 Jun. 1998.

Moving to Work

Purpose

The Moving to Work program gives Public Housing Authorities greater flexibility to provide low-income families with affordable housing.

History

Congress authorized Moving to Work in Section 204 of the Omnibus Consolidated Recessions and Appropriations Act of 1996 as a demonstration program designed to give local Public Housing Authorities flexibility in administering Tenant-Based Section 8 and Public Housing. Under the Moving to Work program, PHAs can combine funding from Tenant-Based Section 8 and Public Housing and allocate the funds according to that PHA's needs. MTW PHAs also have the ability to request from HUD exemption from many of the typical program rules of the Tenant-Based Section 8 and Public Housing programs. With the approval of HUD, MTW PHAs may consolidate program administration, impose work requirements and time limits for beneficiaries, and implement policies to measure outcomes. Over 30 PHAs currently participate in MTW.

The program is scheduled to run until the end of participating PHAs' fiscal year 2018. Congress must authorize the addition of new PHAs into the program. When new slots are added, PHAs can generally apply based on their eligibility as determined by criteria in the authorization.[513] Congress has also authorized specific PHAs to join MTW.

Evidence

Moving to Work was created as a demonstration program to give a limited number of PHAs the opportunity to test new strategies that could ultimately be used by all PHAs and for all participants. Although the ideas tested by MTW are innovative, a major shortcoming of the program is the lack of metrics for tracking impacts and outcomes.

- ***MTW was passed as a demonstration program but has design flaws.*** GAO has written extensively about the lack of guidance that would allow MTW outcomes to be measured and analyzed. In a 2013 report, GAO notes that HUD did not develop guidance specifying that performance information collection from MTW agencies be outcome-oriented, identify the performance data needed to assess results, or establish performance indicators for the program. According to the study, the shortage of this standard performance data has impeded comprehensive evaluation of MTW, which is key in determining whether the program should be scaled across PHAs.[514]

- ***MTW may help participants, but more information is needed.*** Cadik and Nogic (2010) analyze the MTW program and report that PHAs participating in MTW have served substantially more families than they would have without the MTW designation by

[513] "Moving to Work: Interim Policy Applications and the Future of the Demonstration," Department of Housing and Urban Development, Aug. 2010.
[514] "Moving to Work Demonstration; Improved Information and Monitoring Could Enhance Program Assessment," U.S. Government Accountability Office, 26 Jun. 2013.

streamlining operations and using accumulated funds to administer new housing units. They note that rent structures may have positive self-sufficiency outcomes for residents, but that the reforms implemented under MTW "vary greatly" and thus "further exploration is needed" to determine which reforms should be implemented for PHAs across the board.[515]

Funding

PHAs participating in MTW do not receive special MTW funding. Rather, the MTW program allows PHAs to combine Tenant-Based Section 8 and Public Housing funds. As of 2010, the participating PHAs managed approximately $2.7 billion in Tenant-Based Section 8 funding and $1.1 billion in Public Housing funding.[516]

[515] Emily Cadik and Amanda Nogic, "Moving to Work: Interim Policy Applications and the Future of the Demonstration," U.S. Department of Housing and Urban Development, Aug. 2010: p. 6.
[516] Maggie McCarty, "Moving to Work (MTW): Housing Assistance Demonstration Program," Congressional Research Service, Jan 2014.

Family Self-Sufficiency Program

Purpose

The Family Self-Sufficiency Program provides a number of social services to families living in public housing to help them become self-sufficient.

History

Congress authorized the creation of the Family Self-Sufficiency Program in 1990 under Section 23 of the Housing Act of 1937, as amended. The program was created "to coordinate the use of assistance under Sections 8 and 9 of the [1937 act] with public and private resources, and enable eligible families to achieve economic independence and self-sufficiency."[517]

The Family Self-Sufficiency Program is a voluntary program for households participating in the Section 8 Housing Choice Voucher program and Public Housing. PHAs operate separate programs for Housing Choice Voucher and Public Housing participants. However, in its fiscal year 2014 Congressional Budget Justification, HUD proposed combining the programs. As of March 31, 2012, 57,087 families were enrolled in FSS programs. Of this, 47,888 were enrolled in Housing Choice Voucher FSS and 9,199 were enrolled in Public Housing FSS.[518]

The program is designed to promote work, allow asset building, and increase upward mobility. Under the Section 8 voucher program, residents pay 30 percent of household income in rent. Thus, additional income increases rent paid. Under the FSS program, however, participating families agree to enroll in the program for a five-year period, during which increases in rent due to additional income is deposited into an escrow account as a credit. Upon completion of the program, families receive the monies held in the fund. FSS program coordinators work with local service providers, who offer financial counseling, education, job training, and child care. Families are connected with services based on the personal goals they develop at the beginning of their time in the program.

Notably, FSS program funds are used to cover the cost of salaries of FSS coordinators and not the cost of the services themselves. According to HUD's fiscal year 2014 Congressional Budget Justification, with the combined FSS funding in fiscal year 2011 of $75 million, HUD provided PHAs money to fund salaries of 1,104 Housing Choice Vouchers FSS and 275 Public Housing FSS program coordinators.[519]

Evidence

Evidence suggests the FSS program is linked with an increase in the earnings and upward mobility of participants. However, one must consider that the program is voluntary and thus could have self-selection bias.

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[517] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. H-6.
[518] Ibid: p. H-2.
[519] Ibid.

- ***The FSS program has been shown to lead to self-sufficiency.*** Statistics from HUD suggest the FSS program increases the earnings and upward mobility of participants.[520] This is a positive for both participating families as well as families on housing waiting lists. As FSS families become self-sufficient, funds are freed up to serve additional families.

- ***However, data collection from FSS programs could be improved.*** In 2013, GAO released a report recommending HUD improve the collection and analysis of FSS program data so that program outcomes can be better understood and the program can be expanded if deemed effective.[521]

Funding

The FSS program is funded through set-asides in the Housing Choice Voucher and Public Housing accounts. In fiscal year 2012, FSS program coordinators received $60 million in funding from the Tenant-Based Rental Assistance account, and $15 million from the Public Housing Capital Fund.[522]

[520] "HUD FY 2014 Congressional Justifications," Department of Housing and Urban Development. See FSS Program Justification, p. H-4.
[521] "Rental Housing Assistance: HUD Data on Self-Sufficiency Programs Should Be Improved," U.S. Government Accountability Office, 9 July 2013.
[522] "HUD FY 2014 Congressional Justifications," Department of Housing and Urban Development: p. H-1.

HOPE VI

Purpose

The HOPE VI program was created to fund the demolition and rehabilitation of public-housing projects.

History

Under the HOPE VI Program, PHAs receive grant monies through a competitive process. The funds may be used to demolish, rebuild, or rehabilitate severely distressed public housing and replace it with mixed-income housing. Notably, the HOPE VI program has contributed to the demolition of more units than it has replaced.[523] The authorization for HOPE VI was scheduled to expire at the end of fiscal year 2006, but Congress has extended the authorization in each year since 2006. Fiscal year 2012 was the first year since HOPE VI began in which it received no new appropriations. The remaining balance of HOPE VI funds will be spent as redevelopment projects are completed. The Choice Neighborhoods program has largely replaced HOPE VI.

Evidence

According to the appendix of the President's fiscal year 2014 budget, HOPE VI funds, combined with those of the Public Housing Capital Fund, have been used to demolish 100,000 severely distressed public-housing units.[524] But the Bush administration's PART evaluation deemed the program "ineffective" in 2003.[525]

- ***HOPE VI has led to improvements in formerly distressed communities.*** Zielenbach (2003) analyzed HOPE VI neighborhoods since 1990 and found that, though they were initially worse off, they ultimately surpassed conditions in other high-poverty areas. The author attributes the progress in HOPE VI communities to a number of factors including private-market activity, increased attention to communities by lenders, and specific commitments of resources by city governments.[526]

- ***But families who move as a result of HOPE VI are not necessarily better off.*** HOPE VI has been shown to improve neighborhoods, but households displaced by HOPE VI demolitions who receive vouchers or move into mixed-income developments do not seem significantly better off than households living in traditional public-housing projects.[527] Popkin et al. (2004) find that households forced to move as a result of HOPE VI tend to remain close to

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[523] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.

[524] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 550.

[525] "Program Assessment: HOPE VI (Severely Distressed Housing)," ExpectMore.gov, Accessed 11 Feb. 2014.

[526] Sean Zielenbach, "Assessing Economic Change in HOPE VI Neighborhoods," *Housing Policy Debate*, Vol. 14, No. 4, 31 Mar. 2010.

[527] Robert Chaskin, Mark Joseph, Sara Voelker and Amy Dworsky, "Public Housing Transformation and Resident Relocation: Comparing Destinations and Household Characteristics in Chicago," *Cityscape*, Vol. 14, No. 1 Mar. 2012.

their original public-housing developments rather than relocating to higher-opportunity neighborhoods.[528]

Funding

As mentioned above, Choice Neighborhoods has replaced HOPE VI efforts. Remaining HOPE VI funds will be spent out, but no new HOPE VI funds have been appropriated. Fiscal year 2012 was the first year in which HOPE VI received no new appropriations, and Choice Neighborhoods was fully funded. [529] In fiscal year 2012, outlays for HOPE VI totaled $129 million.

[528] Susan J. Popkin, Diane K. Levy, Laura E. Harris, Jennifer Comey, and Mary K. Cunningham, "The HOPE VI Program: What about the Residents?" *Housing Policy Debate*, Vol. 15, No. 2, 2004.
[529] Maggie McCarty, "HOPE VI Public Housing Revitalization Program: Background, Funding, and Issues," Congressional Research Service, Jan. 2012.

Choice Neighborhoods

Purpose
The Choice Neighborhoods Initiative is intended to revitalize distressed neighborhoods.

History
Congress approved the Choice Neighborhoods Initiative, a program of the White House Neighborhood Revitalization Initiative, with the passage of HUD's fiscal year 2010 budget.[530] Under CNI, HUD awards two different kinds of grants, Implementation Grants and Planning Grants, to "redevelop distressed housing and bring comprehensive neighborhood revitalization to blighted areas."[531] Past grantees include the Housing Authority of the City of Seattle and the City of Boston/Dorchester Bay Economic Development Corporation.[532]

CNI has largely replaced the efforts of the HOPE VI program. Fiscal year 2012 was the first year in which HOPE VI received no new appropriations, and Choice Neighborhoods was fully funded.[533] CNI received $120 million in budget authority in fiscal year 2012 and $121 million in fiscal year 2013. The President's fiscal year 2014 budget proposed $400 million in funding for CNI.

Evidence
There is limited evidence on the effectiveness of CNI.

Funding
CNI began spending money in fiscal year 2013, when the program received $8 million in outlays ($121 million budget authority).

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[530] Donna White, "HUD Awards Nearly $109 Million to Four Communities to Revitalize Housing, Surrounding Neighborhoods," U.S. Department of Housing and Urban Development, 13 Dec. 2012.
[531] Ibid.
[532] Ibid.
[533] Maggie McCarty, "HOPE VI Public Housing Revitalization Program: Background, Funding, and Issues," Congressional Research Service, Jan. 2012.

Rental Assistance Demonstration

Purpose
The Rental Assistance Demonstration program preserves affordable-housing options for lower-income families.

History
The Rental Assistance Demonstration program was authorized by the Consolidated and Further Continuing Appropriations Act of 2012. RAD enables Public Housing Authorities and other property owners receiving subsidies through Public Housing and other programs (such as the Rent Supplement Program and Rental Assistance Payment Program) to convert their contracts to Section 8 contracts. Additionally, participating PHAs and property owners may seek private financing to rehabilitate units that need capital improvements.

RAD has never received appropriations and thus under the program HUD only processes no-cost conversions.[534] The 2014 omnibus appropriations bill extends the authorization of RAD through December 31, 2014.

Evidence
From the time of RAD's inception through February 2013, HUD had granted 112 approvals to PHAs and 24 approvals to private owners. This will support the conversion of over 14,000 units.[535]

Funding
Congress approved RAD as a budget-neutral demonstration, although HUD requested an additional $10 million to expand the program in 2014.[536]

[534] The President's fiscal year 2014 budget included a request of $10 million to fund an expansion of RAD.
[535] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 543.
[536] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. C-1.

Housing Counseling Assistance Program

Purpose

The Housing Counseling Assistance program funds housing counseling for homeowners and tenants who own or rent though various HUD, Veterans Affairs, or state and local programs.

History

The program's counseling assistance gives advice about making rent or mortgage payments as well as being a responsible tenant or owner. Specifically, eligible housing counseling subjects can include money management, default, foreclosure, or the threat of homelessness.[537]

HCA provides grants through a competitive process to non-profit intermediaries, state governmental entities, and an assortment of other agencies.[538] Funds provided through the Housing Counseling Assistance program are typically combined with funding from other sources.

Evidence

The Moving to Opportunity demonstration program tested the effect of the receipt of a housing voucher and housing counseling. But there is very limited evidence on the effectiveness of housing counseling provided by the HCA program.

Funding

Funding for the Housing Counseling Assistance program dwindled during the early 2000s, but it has increased over the past three years. The increase in HCA funding corresponds to the uptick in foreclosures and decline in home values starting in 2008. HCA was funded through a set-aside in the HOME account until fiscal year 2009. In fiscal year 2012, the federal government spent $51 million on HCA.

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[537] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. CC-4.
[538] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 567

Section 202 Supportive Housing for the Elderly

Purpose

The Section 202 Supportive Housing for the Elderly program provides capital grants and project rental assistance to private entities for the production and operation of supportive-housing facilities for elderly low-income households.

History

A household is eligible to apply if the head, spouse, or co-head of the household is age 62 or older, and if the family's income is at or below 50 percent of area median income.

Section 202 differs from other rental-assistance programs in that it specifically targets the elderly. Additionally, Section 202 units are designed to provide residents with supportive services such as wheelchair accessibility. As of December 2006, the roughly 6,000 Section 202 facilities housed approximately 263,000 elderly households.[539] Tenants of Section 202 units have a median age of 74 and an average stay in the Section 202 program of five and a half years.[540]

Section 202 was enacted in 1959. From the passage of the Housing Act of 1964 until the passage of the Cranston–Gonzalez National Affordable Housing Act in 1990, non-elderly disabled households were eligible to live in Section 202 properties.[541]

Evidence

As mentioned above, Section 202 housing is unique in that provides housing and supportive services. Section 202 is found to be more cost effective than institutionalization.

- ***Section 202 Supportive Housing is more expensive than Tenant-Based Section 8 housing but less expensive than institutionalization.*** Haley et al (2008) report that Section 202 provides housing at a cost comparable to that of other development programs, but that assistance is more costly than that provided under the Tenant-Based Section 8 program. The authors also compare the cost of Section 202 to institutionalization and indicate that when Section 202 housing is provided alone with supportive services (e.g., meals, transportation, and housekeeping), the cost of housing and Medicaid-paid services provided to at-risk individuals is about half as expensive as institutionalization over a two-year period.[542]

Funding

In fiscal year 2012, Section 202 outlays were $862 million.

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[539] Barbara Haley, Robert Gray, Lydia Taghavi, Dianne Thompson, Deborah Devine, Abdollah Haghighi, Seth Marcus, "Section 202 Supportive Housing for the Elderly: Program Status and Performance Measurement," U.S. Department of Housing and Urban Development, Jun. 2008, p. 15.
[540] Ibid.
[541] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.
[542] Ibid.

Section 811 Supportive Housing for Persons with Disabilities

Purpose

The Section 811 Supportive Housing for Persons with Disabilities Program funds supportive housing for low-income, disabled individuals.

History

To be eligible for Section 811 housing, a household must contain one or more persons who are between the ages of 18 and 62 and are disabled.[543] Additionally, the household must have income at or below 50 percent of area median income.[544] Persons with developmental disabilities (as defined by the Developmental Disabilities Assistance and Bill of Rights Act) also qualify. The Public Housing program, as well as the Tenant-Based and Project-Based Section 8 programs, also provides housing for disabled persons.

Until 2011, Section 811 primarily funded capital grants and project rental assistance. Since fiscal year 2012, Section 811 funding has been used for rental assistance only. With this change, Section 811 funds are used to subsidize units developed with capital funding from sources outside the Section 811 program (such as LIHTC, HOME, or other public or private sources).[545]

As described by CRS, "project-based Section 8 and Public Housing give project owners the option of dedicating facilities to the elderly, people with disabilities, or both populations together."[546] LIHTC and HOME grants may be used in conjunction with capital grants funded through Section 811. Prior to the passage of the Cranston–Gonzalez National Affordable Housing Act in 1990, which authorized Section 811, non-elderly disabled households were eligible to live in Section 202 properties.[547]

Evidence

There is limited evidence of Section 811's effectiveness. Most data focus on the cost of Section 811 units relative to other forms of low-income housing assistance.

- ***Section 811 units are more expensive than Section 8 vouchers.*** DiPasquale et al. (2003) compare the cost of Section 811 and other federal housing programs to Section 8 Housing Choice Vouchers and conclude that the average total costs of one-bedroom Section 811 units in metropolitan areas are about 8 percent higher than costs of vouchers. [548]

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[543] A disability is defined (U.S.C. 8013(k)(2) as (1) having a physical, mental or emotional impairment that is expected to be of long-continued or indefinite duration, substantially impedes the ability to live independently, and could be improved by suitable housing, and (2) a developmental disability.

[544] Libby Perl, "Section 811 and Other HUD Housing Programs for Persons with Disabilities," Congressional Research Service, Feb. 2014.

[545] Ibid.

[546] Ibid.

[547] Maggie McCarty, Libby Perl, Katie Jones, Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.

[548] Denise DiPasquale, Dennis Fricke, and Daniel Garcia-Diaz, "Comparing the Costs of Federal Housing Assistance Programs," *FRBNY Economic Policy Review*, Jun. 2003.

Funding
In fiscal year 2012, Section 811 outlays were $226 million.

Section 521 Rural Rental Assistance Program

Purpose
The Section 521 Rural Rental Assistance Program alleviates rent burdens for low-income households living in rural areas.

History
The Rural Rental Assistance Program was created under the 1968 amendment to the Housing Act of 1949. The program is authorized under Section 521 of the Act and is commonly known as Section 521. Section 521 is operated by the Department of Agriculture. The program aims to alleviate rent burdens for low-income households living in rural areas. Under the program, tenants pay rent typically calculated as 30 percent of monthly adjusted income, and USDA provides rental-assistance payments directly to the owners of rental properties in an amount equal to the difference between tenants' rental payments and the USDA-approved rent for the unit. Notably, property owners must agree to operate the property for a limited profit.[549]

Evidence
Evidence suggests the Section 521 program has not succeeded in alleviating rental burdens of rural populations.

- Many rural households face high rent burdens despite Section 521. Despite Section 521, in 2010 about 1.7 million rural households spent more than 30 percent of their income on housing costs, and 1.0 million spent more than 50 of their income.[550]

- USDA has not taken steps to address improper payments. According to GAO, USDA has not implemented measures to reduce improper payments under the Section 521.[551]

Funding
In fiscal year 2012, Section 521 outlays were $905 million.

[549] "Federal Housing Assistance," Committee on Ways and Means: p. 15-6
[550] "The State of the Nation's Housing 2012," Joint Center for Housing Studies of Harvard University, Jun. 2012.
[551] "RURAL HOUSING SERVICE: Efforts to Identify and Reduce Improper Rental Assistance Payments Could Be Enhanced," U.S. Government Accountability Office, 31 May 2012.

Section 236 Rental Housing Assistance Program

Purpose

The Section 236 program was created to help stimulate the development of affordable housing.

History

Section 236 Rental Housing Assistance Program was established by the Housing and Urban Development Act of 1968 and was active from 1968 to 1974. Section 236 replaced HUD's Section 221 Below Market Interest Rate program. BMIR was authorized in the Housing Act of 1961, and tried to encourage the construction of lower-cost housing by private developers by offering FHA loans with a 3 percent interest rate. BMIR did not actively insure new loans after it was replaced by Section 236.[552]

The Section 236 program combined federal mortgage insurance for 40-year loans with interest-reduction payments to private developers to encourage the construction of affordable rental housing. No new insurance or subsidies are provided under Section 236, but properties that were given subsidies when the program was operational continue to operate under the existing contracts.

As a result of the insurance, private developers are able to charge a lower rent to building residents. Many units in Section 236 properties may be utilized by families who also receive Section 8 Tenant-Based assistance, assistance through the Rent Supplement Program, or Rental Assistance Payments.[553] Almost 11,500 units still receive interest-reduction payments.[554]

Evidence

There have been few studies on the effectiveness of the Section 236 program. The program was suspended when rising interest rates rendered the program economically inefficient, however HUD continues to make payments on outstanding Section 236 contracts.

Funding

In fiscal year 2012, outlays for the Section 236 program were $401 million.

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[552] "Federal Housing Assistance," Committee on Ways and Means: p. 15-5

[553] Ibid.

[554] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: pp. FF-3.

Rental Assistance Payment Program

Purpose
The Rental Assistance Payment program provides an additional subsidy to Section 236 properties to make those units more affordable for low-income households.

History
The Rental Assistance Payment program was established by the Housing and Community Development Act of 1974. RAP was created to provide an additional rental-assistance subsidy to owners of Section 236 properties to make those units more affordable for low-income households. Though the program, HUD pays owners of Section 236 units a subsidy in an amount equal to the difference between the basic rent charged and a rental fee paid by tenants, calculated as 30 percent of household income. Like Project-Based Section 8, the subsidy is not portable but is attached to a specific unit.

While RAP has largely been replaced by Section 8 vouchers, approximately 11,300 Section 236 units still have RAP contracts.[555] However, the program has not been given new funds since 2003. According to HUD's fiscal year 2013 Congressional Budget Justification, when a unit that has operated with a RAP contract faces expiration of that contract, HUD typically provides one of three solutions in order to keep that unit subsidized and accessible to low-income families. These options include:

- Providing a contract extension of up to one year while the owner obtains new financing or for the residents to find new housing;
- Providing tenant-protection vouchers to residents; these vouchers can be used at Section 8 properties; or
- Converting tenant-protection vouchers to project-based vouchers under the Rental Assistance Demonstration program. This keeps the properties as affordable housing for an additional 15 years.[556]

Evidence
There have been few studies on the effectiveness of Rental Assistance Payments. The RAP program has largely been replaced by Section 8 housing programs.

Funding
RAP has not received new funding since 2003. RAP is funded out of the "Other Assisted Housing Program Account"; RAP spending is not broken out from the other programs funded through that account.

[555] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 570.
[556] "HUD FY 2013 Congressional Justifications," U.S. Department of Housing and Urban Development: p. H-4.

Rent Supplement Program

Purpose
The Rent Supplement Program used to help low-income families pay for housing.

History
The Rent Supplement Program was enacted by Congress as a part of the Housing and Urban Development Act of 1965. The program focused largely on providing rent subsidies for units in subsidized by programs such as Section 236. Eligible tenants pay the greater of 30 percent of the rent or 30 percent of their income. The difference between the payment and the rent charged is paid directly by HUD to the project owner.[557] Most (but not all) of these contracts have been converted to Section 8 assistance.[558]

Evidence
Given the Rent Supplement program has largely been phased out, the most robust literature on the program's effectiveness is from the 1960s.

Funding
In fiscal year 2012, outlays for the Rent Supplement Program were $43 million.

[557] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. G-2.
[558] Ibid.

Housing Trust Fund

Purpose

The Housing Trust Fund was proposed as a method for funding low-income housing programs that would be separate from the annual appropriations process.

History

The Housing Trust Fund was established in the Housing and Economic Recovery Act of 2008. Its mission was to fund construction of rental housing for "very low-income" (that is, household income at or below 50 percent of area median income) and "extremely low-income" (household income at or below 30 percent of area median income) households.[559] As described in the appendix to the President's fiscal year 2014 budget, the Housing Trust Fund would be similar to the HOME Investment Partnerships Program, providing grants to states to fund low-income housing. However, the Housing Trust Fund would be more income-targeted than HOME.[560]

When the fund was established, it was supposed to be funded from contributions from Fannie Mae and Freddie Mac. This design would result in a low-income housing program that would be separate from the annual appropriations process.

However, Fannie and Freddie went into conservatorship before the fund received any monies, and Fannie and Freddie's regulator, the Federal Housing Finance Agency suspended contributions. Several housing advocates have taken legal action to attempt to make Fannie and Freddie resume contributions.[561]

Evidence

The fund has not been operational since its inception so there is no evidence of its effectiveness.

Funding

The Housing Trust Fund has never received funding. The President's fiscal year 2014 budget proposed a $1 billion mandatory appropriation for the fund.[562]

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559 "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 559.
560 Ibid.
561 Katie Jones, "The Housing Trust Fund: Background and Issues," Congressional Research Service, 8 Jan. 2014.
562 Ibid.

AID TO STATES AND LOCALITIES
Low Income Housing Tax Credit

Purpose
The purpose of the Low Income Housing Tax Credit is to provide financing to private developers to subsidize the construction and maintenance of mixed-income affordable housing developments.

History
One of the largest programs the federal government provides for low-income housing is the Low Income Housing Tax Credit. LIHTCs are distributed to states according to a population-based formula. States then grant LIHTCs to private developers through a competitive process. Private developers typically sell the tax credits to investors and use the proceeds to fund construction costs of multifamily housing properties. The money received from the sale of the LIHTC allows developers to borrow less money to fund the construction project, and thus to charge lower rents in the new units. In exchange, investors retain an equity stake in the housing development. [563] As explained by HUD, "provided the property remains in compliance, investors receive a dollar-for-dollar credit against their federal tax liability each year over a period of ten years."[564]

LIHTC is Section 42 of the Internal Revenue Code and was enacted by Congress as a part of the Tax Reform Act of 1986. LIHTC was initially intended to be a temporary tax expenditure, but it was made permanent in the Omnibus Budget Reconciliation Act of 1993.

According to HUD, between 1995 and 2010, an average of 1,423 projects and 107,000 units have been placed in service each year through the LIHTC program.[565]

Under the terms of the program, housing built using LIHTC must remain affordable for at least 15 years.[566] In addition, some units of each LIHTC property must be offered at below-market rents. In order for a LIHTC property to remain in compliance, one of the following must be true. Either:

- 20 percent of the units must be rented to families with incomes at or below 50 percent of area median income (AMI); or
- 40 percent of the units must be rented to families with incomes at or below 60 percent of AMI.[567]

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[563] Maggie McCarty, Libby Perl, Katie Jones, Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.
[564] "How Do Housing Tax Credits Work?" U.S. Department of Housing and Urban Development, Accessed 10 Aug. 2013.
[565] "Data Sets: Low-Income Housing Tax Credits," U.S. Department of Housing and Urban Development, 15 Apr. 2013.
[566] Maggie McCarty, Libby Perl, Katie Jones, Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.
[567] Ibid.

Unlike in many of the other federal housing programs, rents are flat and based on AMI rather than income-based. Rents for LIHTC units are set at 30 percent of either 50 percent or 60 percent of Area Median Income.

Evidence

Critics of LIHTC often cite as a major flaw of the program the fact that LIHTC projects usually need at least one additional layer of subsidy to finance the project. Other criticisms include the complexity of LIHTC and its cost compared to other federal housing programs, particularly vouchers. However, LIHTC units tend to be located in lower-poverty neighborhoods than Section 8 units.

- ***LIHTC is less effective than Section 8 vouchers at serving households with the greatest need.*** O'Regan and Horn (2012) find that about 40 percent of LIHTC units serve extremely low-income households compared to 75 percent of HUD's Tenant-Based Section 8 and Public Housing units.[568] However, proponents of LIHTC emphasize the importance of mixed-income developments in facilitating upward mobility.

- ***In many metropolitan areas, LIHTC is more expensive than other forms of housing assistance.*** Deng (2005) examines the cost-effectiveness of LIHTC relative to Section 8 vouchers in Boston, New York, San Jose, Atlanta, Cleveland, and Miami. She finds that LIHTC is more expensive than vouchers on the whole, but the premium varies by voucher-payment standards and by local housing market. For example, LIHTC is 2 percent more expensive than vouchers in San Jose but 200 percent as expensive as vouchers in Atlanta.[569]

- ***LIHTC units are more likely than Section 8 units to be located in lower-poverty neighborhoods.*** McClure (2006) uses the national database of LIHTC units and HUD data, including its Multifamily Tenant Characteristics System, to compare the performance of the Low Income Housing Tax Credit and the Housing Choice Voucher Program, particularly the success of participants at obtaining a unit in a low-poverty neighborhood. The study finds LIHTC properties tend to have a higher presence in suburbs with lower-poverty rates.[570]

Funding

LIHTC received an increase in funding in the American Recovery and Reinvestment Tax Act of 2009. LIHTC expenditures were $6.0 billion in fiscal year 2012.

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[568] K. O'Regan and K. Horn, "What Can We Learn about the Low Income Housing Tax Credit Program by Looking at the Tenants?" Moelis Institute for Affordable Housing, Oct. 2012.
[569] Lan Deng, "The Cost Effectiveness of Low-Income Housing Tax Credits Relative to Vouchers: Evidence from Six U.S. Metropolitan Areas," *Housing Policy Debate*, Vol. 16, No. 3/4, 2005.
[570] Kirk McClure, "The Low Income Housing Tax Credit Program Goes Mainstream and Moves to the Suburbs," *Housing Policy Debate*, Vol. 17, No. 3, 2006.

Private Activity Bond Interest Exclusion

Purpose

The Private Activity Bond Interest Exclusion for rental housing encourages the development of affordable rental housing for low-income families.

History

Under the Private Activity Bond Interest Exclusion, state and local governments (and their authorized agencies) are able to issue, up to a limit, private-activity bonds to fund the construction and development of rental housing. Private Activity Bonds can also be issued to fund other private activities such as student loans.

Interest income on these bonds can be excluded from taxable income; thus, they can carry a lower interest rate than taxable bonds. Developers must limit 20 percent of units to households earning 50 percent of area median income or less, or must limit 40 percent of units to households earning 60 percent of area median income or less.[571]

Evidence

As Whitaker noted in his 2011 paper, "on the specific topic of private-activity bonds, the literature is remarkably limited."[572] Indeed, there have been few studies on the effectiveness of the Private Activity Bond Interest Exclusion for the development of rental housing as it relates to improving the upward mobility of tenants. One issue with this method of financing low-income housing is that because of the tax exemption, some of the benefits go to investors rather than to developers and ultimately low-income families.[573]

Funding

Private Activity Bond Interest Exclusion expenditures for the development of rental housing totaled $800 million in fiscal year 2012.

[571] "Present Law, Data, and Analysis Relating to Tax Incentives for Residential Real Estate," Joint Committee on Taxation, Apr. 2013.
[572] Stephan Whitaker, "Prioritization in Private-Activity-Bond Volume Cap Allocation," Federal Reserve Bank of Cleveland, Apr. 2011: p. 7.
[573] "Present Law, Data, and Analysis Relating to Tax Incentives for Residential Real Estate," Joint Committee on Taxation, Apr. 2013.

HOME Investment Partnerships Program

Purpose
The Home Investment Partnerships Program helps state and local governments build affordable housing for low-income families.

History
The HOME Investment Partnerships program is a federal block-grant program that provides funds for affordable rental-housing projects at the state and local level. HOME grants were authorized in 1990 under Title II of the Cranston–Gonzalez National Affordable Housing Act. HOME is the federal government's largest block-grant program designed to fund affordable-housing production.[574]

HOME funds are awarded to participating state and local governments (called "participating jurisdictions") on an annual basis. HUD provides HOME funds to approximately 650 participating jurisdictions.[575] Following the appropriation of HOME funds by Congress, 40 percent of monies are allocated to states and 60 percent to local governments. The allocation of funds aims to provide monies to participating jurisdictions in accordance with housing needs. HOME funds may be used only for one of four purposes:

- Production of new housing units;
- Housing rehabilitation;
- Homeownership assistance; and
- Time-limited tenant-based rental assistance.

According to HUD's fiscal year 2014 Congressional Budget Justification, HOME funds are often used to provide gap financing for rental projects funded with Low-Income Housing Tax Credits.[576] Grant recipients must match every HOME dollar used with at least $0.25. Additionally, all HOME monies must be used to help low-income families (i.e., households with incomes at or below 80 percent of area median income), and 90 percent of the funds used for rental housing or tenant-based assistance must be used to help families with incomes at or below 60 percent of area median income.[577]

Evidence
There have been few studies on the effectiveness of HOME grants. Recent studies focus on the impact of HOME grants on low-income homeownership:

- ***The effectiveness of HOME block grants is unclear.*** As GAO notes in its 2012 assessment of HUD's block-grant programs, "Information on the overall effectiveness (or impact) of . . . HOME programs is limited," and there exist few studies providing

[574] "HUD Has Identified Performance Measures for Its Block Grants, but Information on Impact is Limited," U.S. Government Accountability Office, 15 May 2012.
[575] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. S-3.
[576] Ibid.
[577] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.

evidence on HOME's impact on beneficiaries.[578] The studies that do exist focus primarily on the impact on HOME funds on homeownership. Turnham et al (2004) conclude that homebuyers who received HOME funds tend to purchase homes in neighborhoods with moderate incomes and low welfare dependence.[579]

Funding

In fiscal year 2012, HOME outlays totaled $1.78 billion.

[578] "HUD Has Identified Performance Measures for Its Block Grants, but Information on Impact is Limited," U.S. Government Accountability Office, 15 May 2012.

[579] Jennifer Turnham, Christopher Herbert, Sandra Nolden, Judith Feins, and Jessica Bonjorni, "Study of Homebuyer Activity Through the HOME Investment Partnerships Program," Abt Associates Inc., Jan. 2004.

Self-Help Homeownership Opportunity Program

Purpose

The Self-Help Homeownership Opportunity Program provides grant funds to non-profits to fund land purchases and infrastructure improvements for low-income housing.

History

The Self-Help Homeownership Opportunity Program was authorized by Section 11 of the Housing Opportunity Act of 1996. Through SHOP, HUD provided grant funds to non-profit organizations to be used for land purchases, infrastructure improvements, or administrative costs related to housing for low-income households. Organizations that have completed at least 30 units of self-help homeownership housing within the last two years may apply to receive SHOP grant monies.[580] Eligible homebuyers may apply to receive SHOP funds through grantees. In exchange for their commitment to volunteer their own time and efforts, participants receive SHOP grant monies to use toward the construction or rehabilitation of their homes. The four current SHOP grantees are Community Frameworks, Habitat for Humanity International, Housing Assistance Counsel, and Western States Housing Consortium.[581]

HUD's fiscal year 2013 Congressional Budget Justification states that approximately 60 percent of SHOP funds are used in rural and non-metropolitan areas.

Evidence

There have been few studies on the effectiveness of SHOP. According to HUD, the $373 million in grant monies awarded through SHOP since 1996 have been used to produce 28,000 units of affordable housing since 1996.

In fiscal year 2012 and fiscal year 2013, HUD did not request funding for SHOP. In fiscal year 2014, the budget request for SHOP of $10 million was requested as a set-aside in the HOME Investment Partnerships Program account. HUD's fiscal year 2013 Congressional Budget Justification states, "The Department is not requesting funding for the Self-Help Homeownership Opportunity Program (SHOP) in fiscal year 2013. Self-help homeownership activities are eligible under the HOME Program, the Community Development Block Grant (CDGB) Program, and the Neighborhood Stabilization Program (NSP). These programs have well-established, local delivery systems for administering and overseeing housing activities."[582]

Additionally, the Budget Justification acknowledges that the HOME program permits per unit subsidies roughly eight times higher than the SHOP subsidy maximum, and it has fewer

[580] "A Guide to Using Self-Help Homeownership Opportunity Program Funds," U.S. Department of Housing and Urban Development, May 2005.

[581] "Self-help Homeownership Opportunity Program (SHOP)." U.S. Department of Housing and Urban Development, Accessed 11 Feb. 2014.

[582] "HUD FY 2013 Congressional Justifications," U.S. Department of Housing and Urban Development: p. S-1.

restrictions on who can use the funds and what they can be used for, "allowing more flexibility in addressing local conditions."[583]

Funding

SHOP has been funded from a separate account since 2006. Prior to 2006, SHOP was funded from the Community Development Fund account. The fiscal year 2014 budget request for SHOP was a set-aside in the HOME Investment Partnerships Program account. In fiscal year 2012, outlays totaled $63 million.

[583] Ibid.

Homeless Assistance Grants

Purpose
The Homeless Assistance Grants program provides grant monies to states and local communities to provide housing and services for homelessness individuals and households.

History
The Homeless Assistance Grant program was authorized in 1987 under the McKinney–Vento Homeless Assistance Act. The grants were historically composed of four separate programs: Emergency Shelter Grants focused on short-term needs while the Supportive Housing Program, Shelter Plus Care, and Section 8 Moderate Rehabilitation for Single Room Occupancy Dwellings were focused on longer-term transitional needs and permanent housing.[584]

In 2011, Congress implemented the Homeless Emergency Assistance and Rapid Transition to Housing Act, which renamed Emergency Shelter Grants to Emergency Solutions Grants, provided additional flexibility for the use of the grant monies to homelessness prevention, and consolidated the SHP, S+C, and SRO programs into one program called Continuum of Care. Additionally, HEARTH broadened the definition of homelessness and separated the Rural Housing Stability Assistance Program to provide assistance to the homeless in rural areas.[585] HEARTH implemented a new definition of homelessness, which will take effect as of January 5, 2015. The definition is significant in that it broadens the definition of homelessness to include housing instability.

Following the changes in 2011, HAG comprises two separate grants, as described in greater detail below:

Emergency Solutions Grants
ESG are distributed to local communities and states through the CDBG program formula. Upon receipt, states and communities distribute ESG funds to local-government entities or nonprofit organizations. Each receipt organization must match federal ESG funds dollar for dollar (but can bring in other resources such as salary and volunteer hours).[586] In recent years, ESG grants have totaled approximately $250 million, or 10–15 percent of the total HAG amount. The funds have four main uses:

- Renovation of shelters or conversions of buildings into shelters;
- Employment, health care, or education services;
- Homelessness prevention (rent or utility payments); and
- Operational/administrative expenses

After the passage of the HEARTH Act, the focus of the national homelessness agenda broadened to include prevention and rapid re-housing in addition to providing shelter and other basic needs. Grant recipients may now spend a greater portion of funds on rental assistance

[584] Libby Perl, "The HUD Homeless Assistance Grants: Programs Authorized by the HEARTH Act," Congressional Research Service, Aug. 2013.
[585] Ibid.
[586] Ibid.

and housing relocation for individuals at risk of homelessness.[587] Recipients may not use more than 60 percent of funds for emergency shelter and related services.

Continuum of Care
CoC Grants are distributed primarily through a competitive process, although the CDGB formula is used to determine community need and set a baseline amount of funding a community can receive. CoC constitutes 85 percent of HAG funds and were first awarded in their current form in 2012. While ESG focus on short-term needs, CoC focuses on longer-term housing and service needs. The name describes the program's design to serve a homeless individual's continuum of needs, including prevention, emergency shelter, transitional housing, and permanent housing with supportive services provided at all stages.[588] Local communities establish CoC advisory boards who meet to establish priorities and address homelessness.[589]

As described in the overview, prior to the passage of the HEARTH Act, the CoC monies were provided as separate grants (SHP, SRO, and S+C).

Upon receipt, funds are distributed to states, local governments, PHAs, and nonprofits. Eligible uses of CoC monies include:

- Transitional housing (i.e., the provision of housing for up to 24 months as individuals try to secure permanent housing)
- Permanent supportive housing and rapid rehousing
- Supportive services such as case management, child care, mental health, substance abuse treatment
- Homeless Management Information Systems

High-performing communities are given more flexibility regarding how the monies may be spent.[590]

Under HEARTH, in addition to serving homeless individuals, CoC programs can now serve nondisabled adults and families.

Evidence
Homelessness programs aimed at rapid rehousing and supportive housing have been shown to decrease homeless and reduce costs related to health care and institutionalization.

- ***Rapid re-housing helps the homeless find stable, permanent housing.*** A National Alliance to End Homelessness study from 2012 found that 91 percent of families who received rapid re-housing assistance in the first year of the program ultimately secured permanent housing. Additionally, the brief highlights the cost-effectiveness of rapid re-housing relative to reactive treatment and services. In Alameda County, CA, each successful exit from homelessness to rapid re-housing costs $2,800 compared to

[587] Ibid.
[588] Ibid.
[589] Ibid.
[590] Ibid.

$25,000 for a successful exit from transitional housing and $10,714 from emergency shelter.[591]

- ***Providing permanent housing reduces the costs of other services.*** The Heartland Alliance Mid-America Institute on Poverty's 2009 study finds that among 177 supportive housing residents in Illinois, there was a 39 percent reduction in the total cost of services from pre- to post-supportive housing. The average savings occurred over the two-year period in which the study was conducted; the authors suggest that in practice and over a longer horizon, cost savings are likely to be much higher.[592]

Funding

The HAG program received additional funding under the 2009 stimulus. In fiscal year 2012, outlays for HAG totaled $1.95 billion.

[591] "Rapid Re-Housing: Successfully Ending Family Homelessness," National Alliance to End Homelessness, 21 May 2012.
[592] "Supportive Housing Means Less Time in Mental Health, Nursing Homes, Prisons," Heartland Alliance Mid-America Institute on Poverty, Apr. 2009.

Housing Opportunities for Persons with AIDS

Purpose

The Housing Opportunities for Persons with AIDS provides housing assistance and supportive services for low-income people living with HIV/AIDS.

History

HOPWA was authorized by the AIDS Housing Opportunity Act to provide housing assistance and related supportive services for low-income people living with HIV/AIDS. Under HOPWA, Congress appropriates and distributes monies to states and eligible local governments to provide housing for people with HIV/ AIDS.

HOPWA funds states and local resources according to the following formula:

- 90 percent of funds are distributed to states and metropolitan areas based on formula including the number of AIDS cases in a jurisdiction
- 10 percent of funds are awarded through a competitive process to state and local governments as well as non-profits

The funds can then be used for a range of activities related to housing, social services, program planning, and development.[593] These include the acquisition or rehabilitation of housing units, rental assistance, and homelessness prevention. Grant monies can also be used for coordinated support services including case management, substance-abuse treatment, and job-training and placement assistance.[594]

Eligible beneficiaries include people who are low income (i.e., have income at or below 80 percent of local area median income) and have been medically diagnosed with HIV/AIDS, as well as their families.[595]

Evidence

In 2008, the OMB PART evaluation considered the program "effective," and reported that the program had a specific mission, "high levels of results in assisting a vulnerable population to achieve beneficial outcome," and focus on enhancing program performance.[596]

- ***Giving housing to people with AIDS reduces use of medical care.*** Wolitski et al. (2010) study a group of people with HIV/AIDS in unstable housing. They find those who were randomly assigned to rental assistance or customary care through HOPWA showed greater improvement in overall stability than those not in the treatment group. The study also showed that beneficiaries of HOPWA assistance used medical care less often and that HOPWA assistance may lead to improved health outcomes in addition

593 Libby Perl, "Housing for Persons Living with HIV / AIDS," Congressional Research Service, Aug. 2013.
594 Ibid.
595 Ibid.
596 "Program Assessment: Housing Opportunities for Persons with AIDS" ExpectMore.gov, Accessed 11 Feb. 2014.

to improved housing stability for homeless individuals living with HIV/AIDS.[597] Buchanan et al. (2009) find that providing stable housing for homeless individuals living with HIV/AIDS led to improved health outcomes.[598]

Funding

In fiscal year 2012, outlays for HOPWA were $334 million.

[597] Richard Wolitski, Daniel Kidder, Sherri Pals, Scott Royal, Angela Aidala, Ron Stall, David Holtgrave, David Harre, Cari Courtenay-Quirk, "Randomized Trial of the Effects of Housing Assistance on the Health and Risk Behaviors of Homeless and Unstably Housed People Living with HIV," *AIDS and Behavior,* Vol. 14, No. 3, Jun. 2010.

[598] D. Buchanan, R. Kee, L.S. Sadowski, D. Garcia,"The Health Impact of Supportive Housing for HIV-Positive Homeless Patients: A Randomized Controlled Trial," *American Journal of Public Health*, Nov. 2009.

Native American Housing Block Grants

Purpose
Native American Housing Block Grants help fund affordable housing for Indian tribes.

History
Native American Housing Block Grants were authorized under Title I of the Native American Housing Assistance and Self-Determination Act of 1996. This program provides funds to Indian tribes based on a formula. Participating tribes must submit an Indian Housing Plan with specified goals and uses of funds.[599] HUD makes block grants to participating Indian tribes or their tribally designated housing entities using a needs-based formula.[600]

Evidence
- ***The failure to track the use of NAHBG funds has resulted in the underdevelopment of infrastructure.*** In 2008, Congress requested in NAHASDA's reauthorization that GAO evaluate the use of NAHASDA funds. GAO found that while NAHBG monies are effective in emphasizing tribal self-determination, HUD's failure to track tribal housing plans or monitor use of funds has resulted in the underdevelopment of important infrastructure.[601]

Funding
In fiscal year 2012, outlays for the Native American Housing Block Grant program were $751 million.

[599] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.
[600] Ibid.
[601] "Native American Housing: Tribes Generally View Block Grant Program as Effective, but Tracking of Infrastructure Plans and Investments Needs Improvement," U.S. Government Accountability Office, Feb. 2010.

Native Hawaiian Housing Block Grant

Purpose
The Native Hawaiian Housing Block Grant Program helps fund affordable housing for low-income native Hawaiians.

History
The Native Hawaiian Housing Block Grant Program was authorized by the American Homeownership and Economic Opportunity Act of 2000, which amended the Native American Housing Assistance and Self-Determination Act of 1996. The program is administered by the Department of Housing and Urban Development's Office of Native American Programs.

Through NHHBG, Hawaii's State Department of Hawaiian Lands may submit to HUD a list of proposed activities for HUD's review. HUD then grants funds to the SDHL, some of which are used by the SDHL itself. The remaining funds are distributed by the SDHL to local entities in the form of grants. Funds granted through the NHHBG program may be used to fund the development of Hawaiian lands for native Hawaiian households that qualify as low-income (i.e., their income is at or below 80 percent of area median income). Specifically, according to HUD, funds may be used for "new construction, rehabilitation, acquisition, infrastructure, and various support services."[602] According to the Census Bureau's 2011 American Community Survey, the median value of a home in Hawaii was $487,000 compared to the median value of $173,600 nationwide. [603] Additionally, according to the Census 2010 American Community Survey, while 10.7 percent of people in Hawaii lived in poverty, 18 percent of native Hawaiians qualify as living in poverty.[604]

According to HUD's fiscal year 2014 Congressional Budget Justification, NHHBG's annual program goal is to assist 65 families through the construction, acquisition, or rehabilitation of affordable housing units and related infrastructure.[605] Additionally, the Congressional Budget Justification states that funds will be used to provide case management and counseling to low-income native Hawaiian families in subjects including "pre- and post-homebuyer issues, financial literacy, loan packaging, and self-help home repair."[606]

Evidence
HUD's fiscal year 2014 Congressional Budget Justification reports that from 2005 to 2012, NHHBG funds were used to provide affordable housing to 501 native Hawaiian families and to fund training for over 1,300 low-income native Hawaiian households.[607]

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[602] "Native Hawaiian Housing Block Grant Program," U.S. Department of Housing and Urban Development, Accessed 11 Feb. 2014.
[603] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. N-8.
[604] Ibid.
[605] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. N-12.
[606] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. N-1.
[607] "HUD FY 2014 Congressional Justifications," U.S. Department of Housing and Urban Development: p. N-12.

Funding
In the program's early years, NHHBG was funded through the Community Development Fund. NHHBG has been funded from a separate account since 2006. In fiscal year 2012, program outlays were $3 million.

HOMEOWNERSHIP ASSISTANCE
Affordable Housing Program

Purpose

The Affordable Housing Program extends grants and subsidized loans to very low- and moderate-income households.

History

The Affordable Housing Program was created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The act requires Federal Home Loan Banks to contribute the greater of either 10 percent of their net income or $100 million toward an Affordable Housing Program that extends grants and loans to low- and moderate-income households.[608] Under AHP, funds may be used in combination with other programs and funding sources including the Low-Income Housing Tax Credit.[609]

Funds are granted to developers and community organizers on a competitive basis. Each Federal Home Loan Bank receives guidance on local housing issues from a 15-member Affordable Housing Advisory Council.[610]

Evidence

The $4.8 billion in AHP funds distributed since 1990 have been used to build over 800,000 units, including almost 500,000 units for very low-income households.[611] However, there have been few studies further quantifying the effectiveness of the Affordable Housing Program.

Funding

In fiscal year 2012, outlays for the Affordable Housing Program were $286 million.

[608] "The Appendix, Budget of the United States Government, Fiscal Year 2014," Office of Management and Budget: p. 1200.
[609] "Frequently Asked Questions: Federal Home Loan Banks? Affordable Housing Program," FHLBanks.com, Accessed 11 Feb. 2014.
[610] "Federal Home Loan Bank Programs for Community Investments," Office of the Comptroller of the Currency, Jul. 2013.
[611] "Federal Home Loan Banks: The Basics," FHLBanks.com, 2012.

Section 235 Mortgage Insurance and Assistance Payments for Homeownership Program

Purpose

The Section 235 Program provides mortgage-insurance subsidies to lenders to reduce interest costs for eligible borrowers.

History

The Section 235 Program was authorized by the Housing and Urban Development Act of 1968. The program, which was overseen by the Federal Housing Administration, provided mortgage-insurance subsidies to lenders to reduce interest costs for eligible borrowers. The Section 235 program was halted in 1973 by President Nixon, reactivated in 1976, restructured by the Housing and Urban-Rural Recovery Act of 1983, and finally terminated in 1989 by the Housing and Community Development Act of 1987. No new Section 235 mortgages have been issued since the program was terminated, but some Section 235 mortgages remain outstanding.[612]

Eighty percent of program funds were reserved for home loans for applicants with household income at or below 135 percent of the maximum income that would qualify a family for public housing. Borrowers were required to pay at least 20 percent of their income toward their loan. FHA then paid lenders either: 1) the balance of the monthly payment or 2) the difference between the required payments at the FHA interest rate and the payments that would be due at a 1 percent interest rate, whichever was smaller.[613]

Evidence

There have been few studies on the effectiveness of the Section 235 program. The program was terminated in 1989, suggesting it was deemed less effective than other forms of low-income-housing assistance.

Funding

The program was terminated in 1989. But there are still outstanding mortgages under the program. In fiscal year 2012, Section 235 outlays totaled $1 million.

[612] Maggie McCarty, Libby Perl, Katie Jones, and Meredith Peterson, "Overview of Federal Housing Assistance Programs and Policy," Congressional Research Service, Jan. 2011.
[613] Ibid.

Rural Housing Assistance Grants

Purpose
Rural Housing Assistance Grants are primarily intended to fund the repair and improvement of rural housing units.

History
The primary Rural Housing Assistance Grant is the Very Low-Income Housing Repair program, which is authorized under Section 504 of the Housing Act of 1949. Through this program, elderly low-income residents of rural communities can apply to receive monies to make repairs to their units.

Evidence
Rural Housing Assistance Grants lack significant analysis on program effectiveness. The Department of Agriculture's fiscal year 2014 Congressional Budget Justification cites the importance of Section 504 housing repair grants, stating that the grants "allow very low-income elderly homeowners on a fixed budget to remain at home and independent, improving their quality of life by assuring a safe and functional environment. These rural homeowners that receive grant assistance have no other recourse of getting the necessary repairs completed on their homes."[614]

Funding
In fiscal year 2012, Rural Housing Assistance Grants totaled $39 million.

[614] "2014 Explanatory Notes Rural Housing Service," U.S. Department of Agriculture: p. 27–98.