

Income Targeting and Expenditures for Major Housing Programs

Ensuring federal housing programs prioritize extremely low-income (ELI) renter households is a primary policy goal of NLIHC. Federal rental housing assistance isn't an entitlement and only one in four eligible households receive it. Income targeting helps ensure scarce federal housing resources reach ELI households who, because of their great needs, can be more difficult to serve than higher income groups. Targeting ELI renter households also helps ensure federal housing resources benefit populations impacted by systemic racism, ageism, and ableism.

ELI households have incomes less than or equal to 30% of area median income (AMI) or below the federal poverty guideline, whichever is greater. The nation's 10.8 million ELI renter households account for 25% of all renter households. Due to systemic racism, people of color are much more likely to head ELI renter households than white, non-Latino people. Twenty percent of Black-headed households, 18% of households headed by American Indians or Alaska Natives, 14% of Latino-headed households, and 10% of Asian-headed households are ELI renter households. Just 6% percent of households headed by white, non-Latinos are extremely low-income renter households. ELI renter households are also disproportionately headed by seniors and people with disabilities.

ELI renters have the greatest housing needs. There is a shortage of almost 7 million rental homes affordable and available to them. As a result, 85% of ELI renter households are cost-burdened, spending more than 30% of their income on housing costs. Cost-burdened households have difficulty affording other necessities such as food, health care, and transportation. Seventy percent of ELI renter households are severely cost burdened, paying more than half of their income for housing. These severely cost-burdened ELI households account for 72% of all severely cost-burdened renter households in the U.S.

The following table displays income targeting requirements and expenditures for key federal affordable housing programs:

Housing Program	Income Targeting Requirements	National Annual Funding
Public Housing	At least 40% of new admissions during a Public Housing Agency's fiscal year must be households with income less than 30% of area median income (AMI), with the remainder for households earning up to 80% of AMI.	\$7.8 billion
Housing Choice Vouchers	At least 75% of new and turnover vouchers are for households with income less than 30% of AMI, with the remainder for households earning up to 80% of AMI.	\$23.1 billion
Project-Based Rental Assistance	At least 40% of new admissions during an annual period must be households with income less than 30% of AMI, with the remainder for households earning up to 80% of AMI.	\$13.5 billion

Housing Program	Income Targeting Requirements	National Annual Funding
Sections 202 and 811	For Section 202 and the 811 Capital Advance/Project Rental Assistance Contract programs, all units are for households with income less than 50% of AMI. For the 811 Project Rental Assistance program, all units are for households with income less than 30% of AMI.	Section 202: \$855 million
HOME Investment Partnerships	If used for rental, at least 90% of units assisted by the jurisdiction must be for households with income less than 60% AMI, with the remainder for households with income up to 80% AMI. If more than five HOME-assisted units are in a building, 20% of the HOME-assisted units must be for households with income less than 50% AMI. Assisted homeowners must have income less than 80% AMI.	\$1.35 billion
Community Development Block Grant	At least 70% of households served must have income less than 80% AMI. Remaining funds can serve households of any income group.	\$3.5 billion
McKinney-Vento Homeless Assistance Grants	All assistance is for participants who meet HUD's definition of homeless: those who lack a fixed, regular, and adequate nighttime residence.	\$3.0 billion
Housing Opportunities for Persons with AIDS	All housing is for households with income less than 80% of AMI.	\$430 million
Low-Income Housing Tax Credit	All units are for households with income less than 50% or 60% of AMI, dependent upon whether the developer chooses 20% of units at 50% AMI or 40% of units at 60% AMI. Income averaging was authorized in 2018, allowing households with income up to 80% AMI to receive tax credit as long as the average income is less than 60% AMI.	\$10.9 billion
Federal Home Loan Banks' Affordable Housing Program	All units are for households with income less than 80% of AMI. For rental projects, 20% of units are for households earning less than 50% of AMI.	\$393 million
Section 515 Rural Rental Housing	All units are for households with income less than the U.S. Department of Agriculture (USDA) definition of moderate income, which is 80% of AMI plus \$5,500. Households in substandard housing are given priority.	\$40 million

Housing Program	Income Targeting Requirements	National Annual Funding
Section 521 Rural Rental Assistance	In new projects, 95% of units are for households with income less than 50% of AMI. In existing projects, 75% of units are for households with income less than 50% of AMI.	\$1.4 billion
National Housing Trust Fund	At least 90% of funds must be for rental housing, and at least 75% of rental housing funds must benefit households with income less than 30% AMI or poverty level, whichever is greater. Remaining funds can assist households with income less than 50% AMI. Up to 10% may be for homeowner activities benefitting households with income less than 50% AMI.	\$689.7 million in 2021

National Low Income Housing Coalition, 2022