

Cuts to Housing Benefits

By Sonya Acosta, Policy Analyst, NLIHC

During the 115th Congress, President Donald Trump and conservative members of Congress proposed to cut housing benefits that help America's poorest seniors, people with disabilities, families with children, and other people afford to keep a roof over their heads. Fortunately, many of these proposals—with the exception of recommendations from the Trump administration—have not been reintroduced in the 116th Congress. These proposals would have increased rents and imposed work requirements on millions of low-income families who receive housing benefits. If enacted, the proposals would have left even more low-income people without a stable home, making it harder for them to climb the economic ladder and live with dignity, and in worst cases, could have led to increased evictions and homelessness.

Congress must continue to reject proposals that take away housing benefits and instead enact proven solutions to help struggling families earn more and get ahead. This starts with expanding—not slashing—investments in affordable homes, job training, education, childcare, and other policies that help families thrive.

ISSUES

One of the biggest barriers to economic prosperity for America's lowest-income families is the lack of decent, accessible, and affordable homes. Research shows that when people have a stable, decent, and accessible home that they can afford, they are better able to find employment, achieve economic mobility, age in place, perform better in school, and maintain improved health (Weiss, E. 2017; *A Place to Call Home. The Campaign for Housing and Community Development Funding*).

Without housing benefits, it will be even harder for struggling families to get ahead and live with dignity. If Congress cuts housing benefits, even more families would be homeless, living

in substandard or overcrowded conditions, or struggling to meet other basic needs because too much of their limited income would go toward paying rent. When families cannot afford rent, they are forced to cut back on investments in their future, including education, training, retirement savings, and healthcare.

Families with rental assistance are already required to pay what they can afford in rent, based on their income. Charging higher rents would force them to divert money away from basic needs like medicine or clothing or would put them at risk of eviction and homelessness. Rent increases, such as higher minimum rents or eliminating deductions, target the very poorest people, including seniors and people with disabilities, who are already at great risk of homelessness (Fischer, W. et al. 2017; *Trump Budget's Housing Proposals Would Raise Rents on Struggling Families, Seniors, and People with Disabilities. Washington, DC: Center on Budget and Policy Priorities*).

Additionally, cutting housing benefits will not create the well-paying jobs and opportunities needed to lift families out of poverty. Work requirements will only make it more difficult for families to get and keep their jobs. Research shows that for most families, work requirements do not lead to stable employment or a path out of poverty. In fact, work requirements are counter-productive and prevent people from working. Work requirements will have the greatest impact on people with disabilities, who need affordable homes and often other services offered by housing providers in order to maintain employment. Without housing assistance, low-income people face a greater risk of eviction and homelessness, circumstances that make it incredibly difficult to maintain a job. Affordable housing and housing assistance are foundational to employment and economic security (Desmond, M. and Gershenson, M. 2016; *Housing and Employment Insecurity among the Working Poor. Social Problems* 63: 46-67).

Imposing arbitrary time limits will only cut people off from the very housing benefits that make it possible for them to find and maintain jobs. Arbitrary time limits are especially harmful in high-cost areas and rural communities, where rents are well above what a low-income worker can afford and where there is a severe shortage of affordable homes. Time limits will not address this structural problem; only investments in affordable homes and job creation will encourage change.

Moreover, imposing work requirements, time limits, and rent increases creates new administrative costs for housing providers, without providing significant benefits to residents or the public. Housing providers will be forced to divert resources away from property maintenance and the employment-related resident services they already provide to pay for additional staff and regulatory compliance.

PROPOSALS FROM THE TRUMP ADMINISTRATION

President Trump's budget proposals consistently cut funding for critical housing programs and recommend increasing rents and imposing work requirements on already struggling families. Despite the Administration's push for cuts and punitive measures, Congress has ignored the proposed cuts and calls for higher rents in the current 116th Congress.

Trump Rent Proposal

The Trump Administration proposed the "Making Affordable Housing Work Act" in April 2018 to impose work requirements, rent increases, and other burdens on millions of low-income families who receive federal housing assistance through the HUD. The Administration claimed that such changes were needed to promote self-sufficiency and decrease federal spending. The legislation was not been formally introduced by a member of Congress.

Currently, most families receiving federal housing assistance pay 30% of their adjusted income as rent. Under the Trump proposal, most HUD-assisted families, with some exceptions,

would instead have had to pay 35% of their gross income or 35% of the amount earned by working at least 15 hours a week for four weeks at the federal minimum wage, whichever is higher. With this provision, HUD would have essentially set a new mandatory minimum rent of \$150, which is three times higher than the current minimum rent that housing providers may apply to families. The bill would have also increased rents for households with high medical or childcare expenses by eliminating income deductions for those expenses, the impact of which would disproportionately fall on seniors, people with disabilities, and families with young children. The bill granted the HUD secretary with the authority to impose even higher rents through alternative rent structures and de facto time limits. The proposal allowed housing providers to broadly impose work requirements, without any resources to help people gain the skills they need for well-paying jobs.

PROPOSALS FROM THE 115TH CONGRESS

During the 115th Congress, there were several proposals that would have imposed rent increases, work requirements, and *de facto* time limits on housing benefits. After enacting \$1.5 trillion in tax cuts for wealthy individuals and corporations, Republican leaders, including President Trump and those in the House of Representatives, wanted to pay for the tax bill by cutting housing benefits through work requirements, rent increases, and other harmful measures. Advocates mobilized against proposals to cut housing benefits and were successful in stalling legislation from moving forward.

Turner Proposal

The House Financial Services Committee passed, on a party-line vote, Representative Mike Turner's (R-OH) "Fostering Stable Housing Opportunities Act of 2017" (HR 2069) in July 2018. The bill aimed to provide housing assistance to youth aging out of the foster system, but it provided no additional resources to do so. Instead, the bill would have imposed work requirements and other burdens on youth as a condition for

receiving housing assistance, the first time ever for individuals who rely on such assistance. The bill never received a vote on the House floor in the 115th Congress.

The bill directed public housing agencies to impose a combination of education and training or self-sufficiency requirements on youth aging out of the foster care system as a condition of receiving housing assistance. While the bill was amended to no longer expressly require youth to work a set number of hours each week to maintain their housing assistance, the HUD Secretary would have had the authority to establish hourly education and training requirements through regulation. As an alternative to imposing education and training requirements, public housing agencies would have been required under the bill to make participation in HUD's Family Self Sufficiency (FSS) programs mandatory for youth as a condition of receiving housing assistance. However, both alternatives would have put youth unable to meet these standards at risk of losing housing benefits that make it possible for them to live in stable, affordable homes and find and maintain work.

A bipartisan group of representatives reintroduced this bill as H.R. 4300 without the education, training, and self-sufficiency requirements. NLIHC supported this version of the bill, which passed the House on November 18, 2018.

Barr Proposal

The House approved by a vote of 230-173 the "Transitional Housing for Recovery in Viable Environments Demonstration Program (THRIVE) Act" (HR 5735) in June 2018. The bill, introduced by Representative Andy Barr (R-KY), would have diverted 10,000 vouchers, or \$83 million, away from the Housing Choice Voucher program to pay for transitional recovery housing for people with substance-use disorders. Eligible voucher recipients would have received 12-24 months of assistance, after which the provider would be able to transfer the voucher to a newly selected eligible recipient. While the House passed the

bill, it was not taken up by the Senate. Advocates opposed the bill in part because it would have reduced the availability of vouchers for families in need and would have allowed service providers to impose arbitrary and counterproductive time limits, and service engagement and self-sufficiency requirements on voucher recipients.

FORECAST FOR 2020

With the Democrats in control of the House in the 116th Congress, legislation to cut housing benefits is less likely to move forward through the legislative process since Democrats largely oppose such proposals. However, conservative lawmakers may still introduce harmful legislation. In his fiscal year 2021 budget request, President Trump again included his proposal to increase rents, impose work requirements on HUD-assisted tenants, and decrease overall federal spending on affordable housing programs. Given the response to such plans in previous years in addition to the support of congressional champions in both the House and the Senate, President Trump's proposal is not likely to be enacted.

In October 2018, HUD issued a new operating notice for the expansion of the Moving to Work (MTW) demonstration that would permit 100 PHAs participating in the expansion to impose the policy changes proposed by the Trump administration (See the Advocates' Guide article on *Public Housing*). HUD will finalize the MTW Operations Notice and designate the first two cohorts of MTW agencies in 2020. Advocates will continue to monitor the MTW expansion as HUD and participating PHAs move forward with its implementation.

The Trump administration has also attempted to limit immigrant families' access to housing assistance (See the Advocates' Guide article on *Attacks on Immigrants' Access to Housing*). Advocates will continue to monitor the HUD "Mixed-Status Families" proposed rule and others that seek to further restrict eligibility for federal housing programs.

HOW YOU CAN TAKE ACTION

Instead of taking away housing benefits, Congress and the Trump administration should enact proven solutions to help struggling families earn more and get ahead. This starts with expanding—not slashing—investments in affordable homes, job training, education, childcare, and other policies to help families thrive. Urge Congress and the administration to:

- Expand voluntary programs, like Jobs Plus and Family Self Sufficiency, that provide services and financial incentives to help families increase their earnings without the risks and added costs.
- Evaluate existing demonstration programs, like Moving to Work, to determine the impact on tenants and outcomes before imposing across-the-board changes.
- Use HUD’s Section 3 regulation, which provides an opportunity to promote job training and hiring among people receiving housing benefits.
- Implement bipartisan changes recently enacted by Congress in the “Housing Opportunity Through Modernization Act” that encourage work among housing beneficiaries.