

Income Targeting and Appropriations for Major Housing Programs

Ensuring prioritization of extremely low-income (ELI) renter households by federal housing programs is a primary policy goal for NLIHC. Federal rental housing assistance is not an entitlement and is only received by one in four eligible households. 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 income less than or equal to 30% of area median income (AMI) or the federal poverty guideline, whichever is greater. The nation's 11 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. Nineteen percent of Black-headed households, 17% of households headed by American Indians or Alaska Natives,

14% of Latino-headed households, and 9% of Asian-headed households are ELI renter households. Just 6% 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 7.3 million affordable and available rental homes. As a result, 86% 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-three 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. | \$8.5 billion (FY23 HUD appropriation) |
| 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. | \$30.3 billion (FY23 HUD appropriation) |
| 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. | \$14.9 billion (FY23 HUD appropriation) |

| Housing Program | Income Targeting Requirements | National Annual Funding |
|---|---|--|
| Sections 202 Housing for Elderly and 811 Housing for People with Disabilities | 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: \$1.1 billion Section 811: \$360 million (FY23 HUD appropriation) |
| HOME Investment Partnerships | If used for rental, at least 90% of units assisted by a 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. | \$1.5 billion (FY23 HUD appropriation) |
| 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. | \$3.3 billion (FY23 HUD appropriation) |
| 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. | \$3.6 billion (FY23 HUD appropriation) |
| Housing Opportunities for Persons with AIDS | All housing is for households with income less than 80% of AMI. | \$499 million (FY23 HUD appropriation) |
| 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. | \$13.2 billion (FY24 estimated tax expenditure, Joint Committee on Taxation) |
| Native American Block Grant and Competitive Grants | All activities (including new construction, rehabilitation, acquisition, infrastructure, and various support services) are limited to households with income at or less than 80% AMI. | \$772 million and \$150 million (FY23 appropriations) |
| Native Hawaiian Block Grants | All activities (including new construction, rehabilitation, acquisition, infrastructure, and various support services) are limited to households with income at or less than 80% AMI. | \$22 million (FY23 appropriation) |
| Federal Home Loan Banks' Affordable Housing Program | All units are for households with income less than 80% AMI. For rental projects, 20% of units are for households earning less than 50% AMI. | \$267 million (2022 FHLB assessment) |
| 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% AMI plus \$5,500. Households in substandard housing are given priority. | \$70 million (FY23 USDA appropriation) |

| 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. | \$1.49 billion (FY23 USDA appropriation) |
| 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 benefiting households with income less than 50% AMI. | \$382 million in 2023 |

National Low Income Housing Coalition, 2024