



NATIONAL LOW INCOME
HOUSING COALITION

Implications of the Trump Proposal to Cut Housing Benefits

May 14, 2018

Speakers



- Elayne Weiss, National Low Income Housing Coalition
- Will Fischer, Center on Budget and Policy Priorities
- Deborah Thrope, National Housing Law Project
- Stanley Hardy, New York City Housing Authority

Agenda



- Overview of issue
- Trump rent proposal
- Promoting Resident Opportunity through Rent Reform Act of 2018 (Rep. Ross proposal)
- Local impact of Trump rent proposal

Housing benefits help struggling families get ahead and live with dignity



Housing benefits allow families to invest in

**Education
Job Training
Retirement Savings
Healthcare**

Cutting housing benefits increases the risk of

**Substandard living conditions
Overcrowded homes
Homelessness**

Low income families need stable housing, not cuts and restrictions



Rent increases

Families are already paying their fair share

Forces families to divert money away from other basic needs

Increases risk of eviction or homelessness

Increasing minimum rents targets very poorest families

Work requirements

Do not lead to stable employment or a path out of poverty

Disproportionately impact individuals with disabilities

Can actually prevent people from working

Cut struggling families off from needed resources

Low income families need stable housing, not cuts and restrictions



Time limits

Ignore the reality of low wage jobs

Cut people off from the housing that allows them to work

Prove especially harmful in high-cost areas with a lack of affordable housing

Rent increases, work requirements, and time limits undermine public-private partnerships.

- Make it more expensive for private sector to build, preserve, and maintain affordable rental homes.
- Add new administrative costs for housing providers without providing significant benefits to residents or the public.
- Diverts limited resources.

Enact proven solutions instead



1. Expand voluntary programs

- Jobs Plus and Family Self-Sufficiency help families increase earning without risks or added costs

2. Evaluate existing demonstration programs

- Studies on programs like Moving to Work can help determine impacts

3. Use HUD's Section 3 regulation

- Promotes job training and hiring from HUD-assisted households

4. Implement bipartisan changes in HOTMA

- Encourages work among housing beneficiaries

Take Action!



Congress needs to hear from you! Join more than 1,200 organizations across the country by signing a national letter in opposition to any attempt to cut housing benefits for America's struggling families.

You can sign the letter here:

<https://nlihc.wufoo.com/forms/urge-congress-reject-proposal-to-increase-rents/>

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<http://nlihc.org/issues/benefit-cuts>

Trump Administration Proposals to Raise Rents and Allow Work Requirements

Will Fischer, Senior Policy Analyst

Trump Administration Proposals to Raise Rents and Allow Work Requirements

Proposals were outlined in 2019 budget and detailed in legislation released April 25, 2018

Trump HUD Rent Policy Proposals

- Vouchers
- Public Housing
- PBRA
- 202/811
- Some smaller HUD programs

Programs affected



Working Age, Non-Disabled Households



Elderly and Disabled Households



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- Raises rents from 30% to 35% of income

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- **Minimum rents of \$150/month**

Working Age, Non-Disabled Households

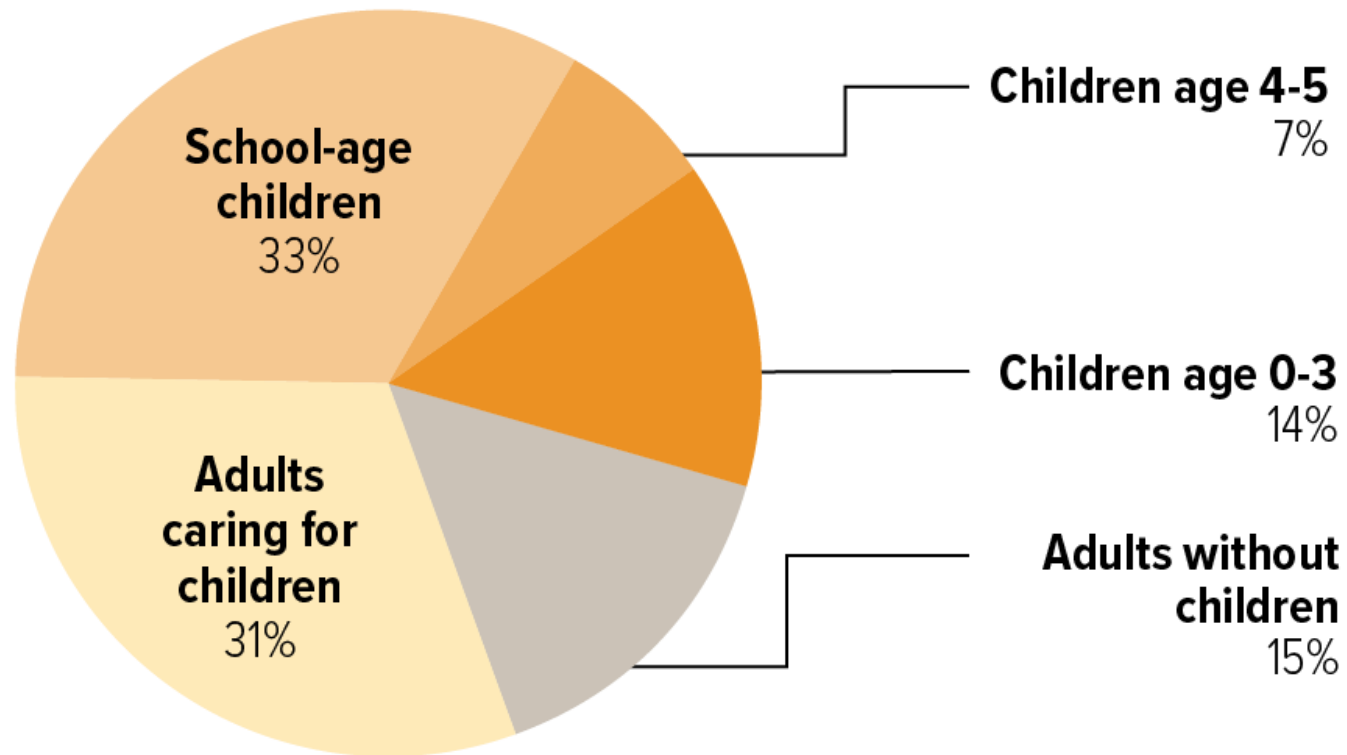


Elderly and Disabled Households



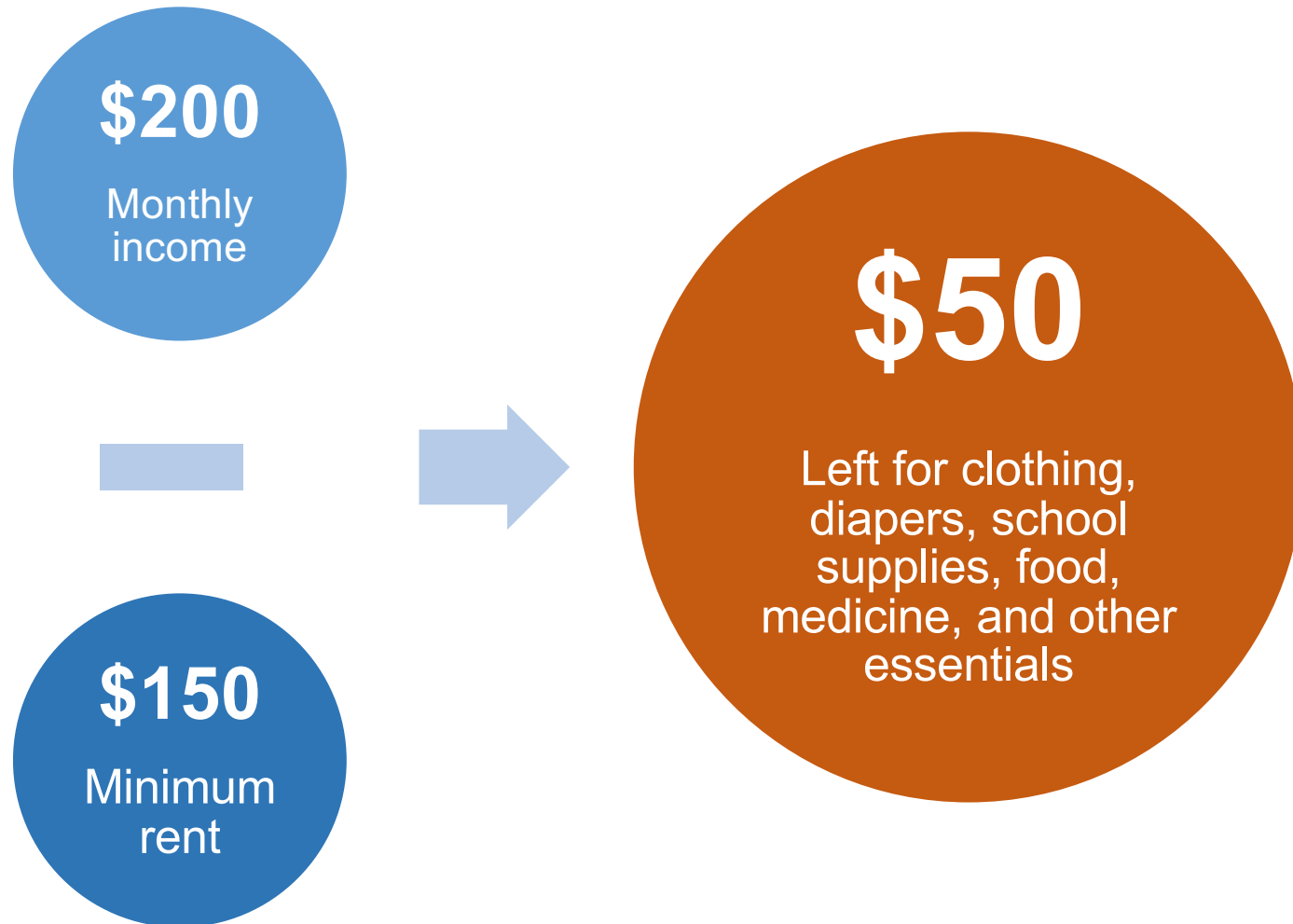
85 Percent of People Affected by Trump \$150 Minimum Rent Proposal Are in Families with Children

Share of 1.7 million people receiving federal rental assistance whose rents would rise under proposal



Source: CBPP tabulations of 2016 Department of Housing and Urban Development data

The Typical Household Affected By the Minimum Rent is a Parent with 2 Children



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- **Agency/owner option to end assistance to families that don't work specified number of hours**

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Working Age, Non-Disabled Households



- Eliminates deductions for medical care and more
- **Minimum rents of \$50/month**

Elderly and Disabled Households



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Working Age, Non-Disabled Households



- Eliminates deductions for medical care and more
- Minimum rents of \$50/month
- **Narrows definition of elderly/disabled for rents and work requirements, but allows HUD to exempt categories of working age, non-disabled households**

Elderly and Disabled Households



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Working Age, Non-Disabled Households



- Eliminates deductions for medical care and more
- Minimum rents of \$50/month
- Narrows definition of elderly/disabled for rents and work requirements, but allows HUD to exempt categories of working age, non-disabled households
- **Applies to current recipients after phase in**

Elderly and Disabled Households



Estimated Impact After Phase-In

State data: <https://www.cbpp.org/blog/trump-plan-would-raise-rents-on-working-families-elderly-people-with-disabilities>

| | |
|--|---------------|
| Households Affected | 4.1 million |
| Children Affected | 3.3 million |
| Average Annual Rent Increase Per Household | \$780 |
| Total Annual Rent Increase | \$3.2 billion |
| Share of Increase Paid by Elderly, People with Disabilities, and Working Families | 76% |

HUD Would Have Broad Authority to Make Further Rent Changes

- Could raise minimum rents without limit.
- Could design alternative rent formulas that agencies and owners could choose to adopt.
- Could approve alternative rent formulas proposed by agencies and owners.

Administration Rhetoric Disconnected from Reality of Plan

- Claim: Plan would encourage work.
 - Reality: Would increase rents on nearly every working family, and if anything discourage work by eliminating child care deduction and raising share of earnings paid toward rent.
- Claim: Plan wouldn't affect elderly and people with disabilities.
 - Reality: Nearly every elderly and disabled household would pay higher rents after phase in.
- Claim: Exemptions would protect families from hardship.
 - Reality: Exemptions would be same as those under minimum rent today, which protect very few families.
- Claim: Rent increases are needed for budgetary reasons.
 - Reality: Tax cut adding \$1.9 trillion to deficit mainly for wealthy and corporations shows this is about priorities – plus increases would be too late to offset proposed 2019 cuts.

Work Requirements Don't Work

1. Not effective at encouraging or supporting work
2. Push families—including working families—into homelessness and hardship
3. No new resources to help people build skills, pay for child care, or otherwise overcome barriers to work
4. States or HUD could push local agencies to adopt “optional” work requirements
5. Better approach: FSS and Jobs-Plus programs

Promoting Resident Opportunity through Rent Reform Act of 2018 (PROTRRA)

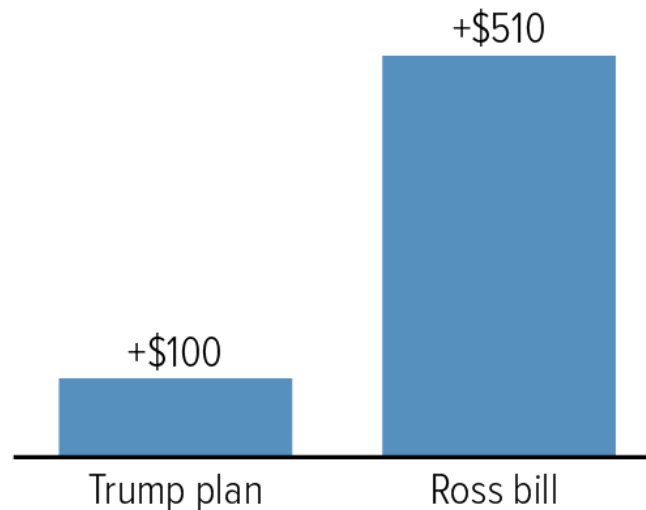


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- *Promoting Resident Opportunity through Rent Reform Act of 2018*
- Proposed by Rep. Dennis Ross (R-FL)
- House Financial Services Subcommittee on Housing and Insurance hearing on April 25
- Allows housing agencies to increase rents for tenants in many HUD programs including PH, PBV, HCV, and properties converted through RAD

Ross, Trump Plans Include Sharp Rent Increases on Poorest Families With Rental Assistance

Increase over current limit on minimum rents for non-elderly, non-disabled families with annual adjusted income of \$2,000 or less



Note: President Trump has proposed legislation that would raise rents sharply for low-income people who receive federal rental assistance, while Rep. Dennis Ross has proposed separate legislation allowing the Department of Housing and Urban Development and public housing agencies to raise rents. Adjusted income reflects deductions of \$480 annually per dependent plus certain expenses for child care or related to disability. Ross figure shows increase from current minimum rent limit to average rent limit for poorest families under option allowing public housing agencies to charge all families in lowest-income tier rent equaling 30 percent of income of family at top of tier.

Source: CBPP analysis of 2016 HUD administrative microdata

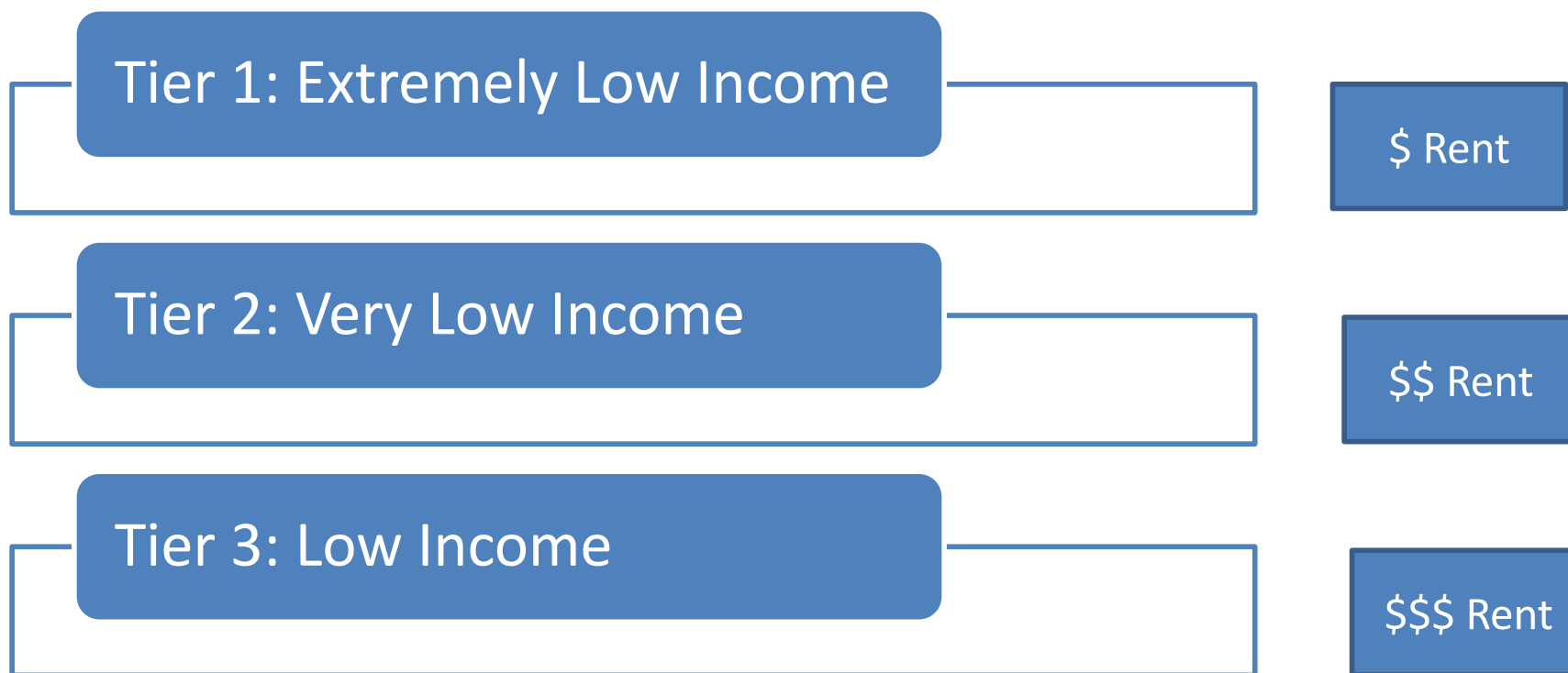
PHA Discretion to Set Rents

- Provides a menu of rent-setting options
- PHA has discretion to choose a rent-setting method for each program
- For PH, PBVs and project-based rental assistance at RAD-converted properties, PHA can choose different rent-setting methods for individual developments
- Oversight challenges

Rent-Setting Options: Non-Elderly, Non-Disabled

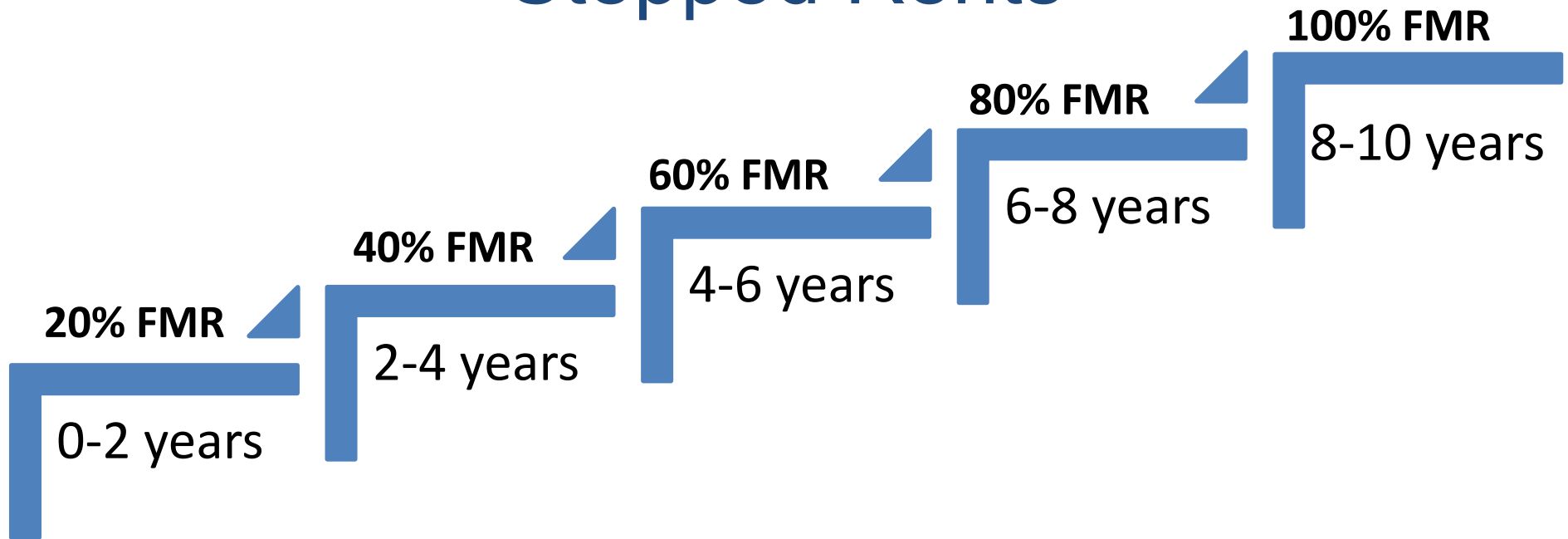
- Current policy (30% of adjusted income)
- Eliminate flat rent option for PH residents
- Tiered rents based on income brackets
- Stepped rents based on tenure
- 30% of *gross* income
- PHA-designed rents

Tiered Rents



- *Results in huge rent increases for many families
- *Creates an earnings cliff
- *Could discourage families from earning more

Stepped Rents



- *Based on tenure, regardless of income
- *Raises the minimum rent
- *De facto time limit on assistance

Gross Rents

Rent based on 30% of *gross* income

Eliminates all deductions including child care and medical expenses

Increase in minimum rent from \$50 to \$75

*No deductions for expenses that encourage and support employment for families

Rent-Setting Options: Elderly and/or Disabled

- Seniors and people with disabilities shall pay either 30% of adjusted income or a *% of gross income determined by HUD*
- HUD could set rents above 30% of gross income

Shallow Subsidy

- PHAs can use up to 40% of voucher funding for “shallow subsidies”
- Assistance based on 20-40% of payment standard
- Families will be selected off the waitlist and offered the shallow subsidy but can refuse and wait for next voucher

Conclusion

- Biggest barrier to economic mobility is lack of decent, safe, and affordable housing
- Rationale for these policies is to incentivize work but there is no evidence that alternative rent-setting methods will achieve that goal
- HUD is currently involved in two demonstrations to study impact of different rent-setting methods and should wait for results before implementing new policies



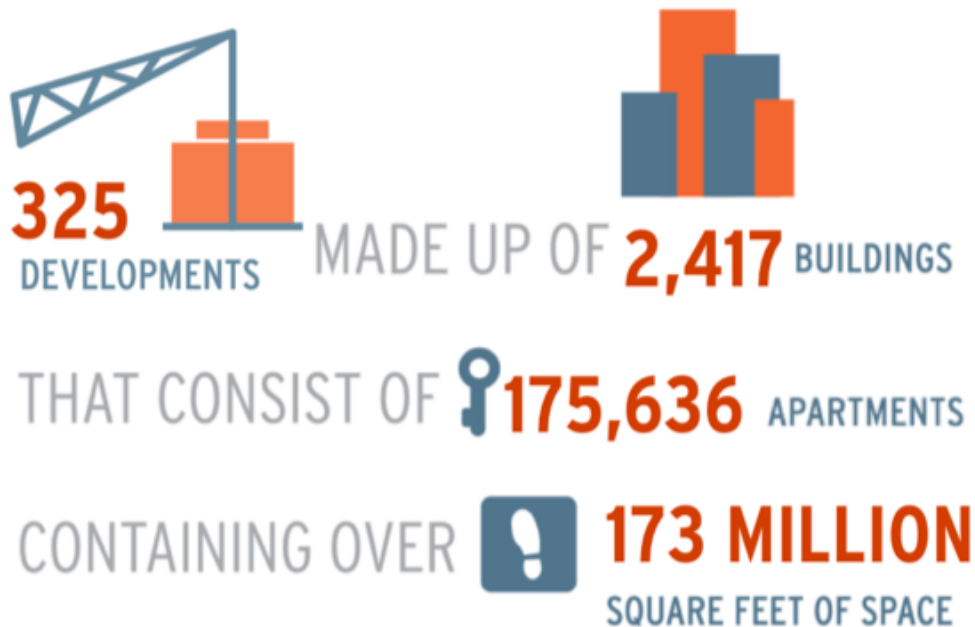
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Impact of President Trump's Rent Reform Proposal on New York City



Presented by:
Stanley Hardy
Federal Affairs Officer
New York City Housing Authority

NYCHA's Size & Scope



Nearly 600,000 residents
call NYCHA home
(Public Housing + Section 8)



THE LARGEST DEVELOPMENT: A **26-BUILDING** APARTMENT COMPLEX WITH **7,000 RESIDENTS**

THE SMALLEST DEVELOPMENT: A **SINGLE-STORY** SENIOR BUILDING WITH **13 RESIDENTS**

NYCHA Houses 1 in 14 New Yorkers



79,000
SENIORS
62 YEARS OLD OR OLDER



107,000
CHILDREN
UNDER 18 YEARS OLD



\$24,000
AVERAGE
HOUSEHOLD
INCOME



53%
ARE EMPLOYED
(OF NON-DISABLED,
WORKING AGE ADULTS)



40%
ON FIXED INCOME
(SOC. SEC., SSI, PENSION, OTHER)



38%
OF HEADS OF HOUSEHOLDS
ARE 62 YEARS OLD OR OLDER



25%
OF NYCHA EMPLOYEES
ARE RESIDENTS OF
PUBLIC HOUSING



13%
RECEIVE PUBLIC
ASSISTANCE

President Trump's Proposed Rent Reform for Low-Income New Yorkers

(Housing Choice Voucher/Section 8)

The federal government defines affordable rent for low-income families as paying no more than 30% of household income. The Trump administration proposes increasing rents for those with federal rental assistance, including Section 8, from 30% of adjusted income to 35% of their gross income. Below is an assessment of the impact on NYC residents with Section 8 rental assistance vouchers.

| Non-Elderly and Non-Disabled Head of Household no Children (voucher holders) | |
|--|----------|
| Average household gross income | \$19,961 |
| Average increase per household | \$99 |
| Average increase in rent (%) | 19% |

| Non-Elderly and Non-Disabled Head of Household with Children (voucher holders) | |
|--|----------|
| Average household gross income | \$22,444 |
| Average increase per household | \$97 |
| Average increase in rent (%) | 20% |

Section 8 in New York City

- Rent increases would affect **28,016 Section 8 households** with a non-elderly and non-disabled head of household with children.
- Rent increases would affect **23,986 Section 8 households** with a non-elderly and non-disabled head of household with no children.
- Over **35,000 seniors** would face increased rent costs.

In Focus

Over 125,000 families in NYC rely on Section 8 for their housing, nearly half of whom are seniors or disabled, and a quarter of whom have children.



President Trump’s Proposed Rent Reform for Low-Income New Yorkers

(Public Housing)

The federal government defines affordable rent for extremely low-income families as paying no more than 30% of household income. The Trump administration’s FY19 budget proposes increasing public housing residents’ rent from 30% to 35% of their income. Below is an assessment of the impact on NYCHA public housing residents.

| Non-Elderly and Non-Disabled Head of Household (no children) (public housing) | |
|--|----------|
| Average household gross income | \$30,380 |
| Average increase per household | \$254 |
| Average increase in rent (%) | 40% |

| Non-Elderly and Non-Disabled Head of Household with Children (public housing) | |
|--|----------|
| Average household gross income | \$27,138 |
| Average increase per household | \$225 |
| Average increase in rent (%) | 40% |

NYCHA-Wide

- The average NYCHA public housing family earns **\$24,000 a year** – approximately **\$21,000** post-tax, or **\$1,750 a month**.
- The average rent increase for non-elderly and non-disabled head of households with or without children is **\$239 a month**.
- The largest average NYCHA household is a 2-bedroom unit. With an average household gross income of \$28,748, over 55,000 households would experience a \$247 rent increase.

In Focus

A NYCHA family in public housing with a elderly head of household with 2 minor children and 1 disabled adult/child making \$39,692 a year would experience a **\$299** increase in monthly rent owed.



Resources

New York Housing Conference's Rent Hike Calculator

<http://thenyhcn.org/trumprenthike/>