

Increasing access to safe and affordable homes through long-term rental assistance

At RESULTS, we believe that every person has the right to safe, decent, and affordable housing. When children and adults alike have a stable roof over their head, they have a secure foundation from which to step out in the world and thrive.

Yet millions of Americans, and particularly Black Americans and other people of color, are denied this right.

With pathways to homeownership blocked by decades of racist policies and overt discrimination, households of color are [more likely to rent their homes](#). And due to continued rising rents and stagnated wages, they are also more likely to spend disproportionately large percentages of their income to afford them. A worker making the prevailing minimum wage today [cannot afford a two-bedroom apartment](#) in any U.S. state.

When COVID-19 hit, millions of Americans were already one crisis away from eviction and homelessness. To sidestep an imminent avalanche of evictions, the U.S. government provided short-term rental relief in COVID-19 recovery legislation.

But federal housing assistance programs are still grossly underfunded, leaving three out of four eligible renters struggling to make ends meet. None of the current COVID-19 recovery proposals address the expansion of this critical program at a scale needed to meet the demand. Low-income households who need help now to afford their rent are stuck on waiting lists for months and years because funding has not increased with actual need.

By closing the gap between what people earn and how much a safe and decent home reasonably costs, Housing Choice Vouchers (HCVs) help ensure millions of low-income families can keep a roof over their head. HCVs lift millions of American families out of poverty and improve their health and education outcomes.

Congress should make rental assistance available to all eligible households by including guaranteed, multi-year funding for Housing Choice Vouchers in recovery legislation. By fully funding rental assistance, Congress can shrink the racial wealth divide and help relieve the inequity and injustice of the housing crisis in the United States.

A history of racist policies and the continuing rental affordability crisis

A tight housing supply, rising rents, and stagnated wages are squeezing low-income American renters, putting them just one crisis away from eviction. Even if more homes were built and put on the market as some policymakers have proposed, many low-income renters still would not be able to afford their homes.

In 2019, about 20.4 million renter households [paid more than 30 percent of their income to rent](#) — up from almost 15 percent in 2001. And the majority of these cost-burdened renters are people of color.

How did we get here?

Racist and exclusionary federal housing policies have blocked Americans of color from key pathways to homeownership for decades. From [redlining](#) to the development of white-only suburbs, to the outright denial of mortgages to people of color and more, housing policies and systemic discrimination practices have provided white Americans with opportunities to build wealth through homeownership while excluding Americans of color, and particularly Black Americans, from doing the same.

Blocked from both the resources of white neighborhoods *and* the wealth-building tool of homeownership, [structural racism in U.S. housing policies](#) contribute to stark racial disparities in wealth and overall well-being, especially between Black and white households. [Wealth is a key determinant](#) of whether you graduate from college, how healthy you are, the kind of neighborhood you live in, the quality of your child's education, and the kind of job you have. A typical white family [has eight times the wealth](#) of the typical Black family.

This inequity is perpetuated today. For example, while federal rental assistance has flatlined for almost a decade despite increased need, any eligible homeowner can have their mortgage subsidized through the Mortgage Interest Deduction — [even for a second home](#). And systemic discrimination means landlords often won't accept renters who use federal assistance to help pay their rent, thereby perpetuating segregation.

What is the current rental affordability situation?

Because of this history, households of color are not only [more likely to rent their homes](#), but are also more likely to struggle to make rent every month.

Almost [one-quarter](#) of the 44 million renter households in the U.S. have extremely low incomes — meaning their income is either below poverty level or 30 percent of their area’s median income. While 6 percent of white households are extremely low-income renters, 20 percent of Black households, 18 percent of American Indian or Alaska Native households, and 14 percent of Latino households are [extremely low-income renters](#).

For low-income families, affordable rental homes are few and far between. Since 1960, the median [earnings of renters have risen 5 percent](#), while rents are up 61 percent (adjusted for inflation). A worker making the prevailing minimum wage [cannot afford a two-bedroom apartment](#) in *any* U.S. state.

How did COVID-19 impact renters?

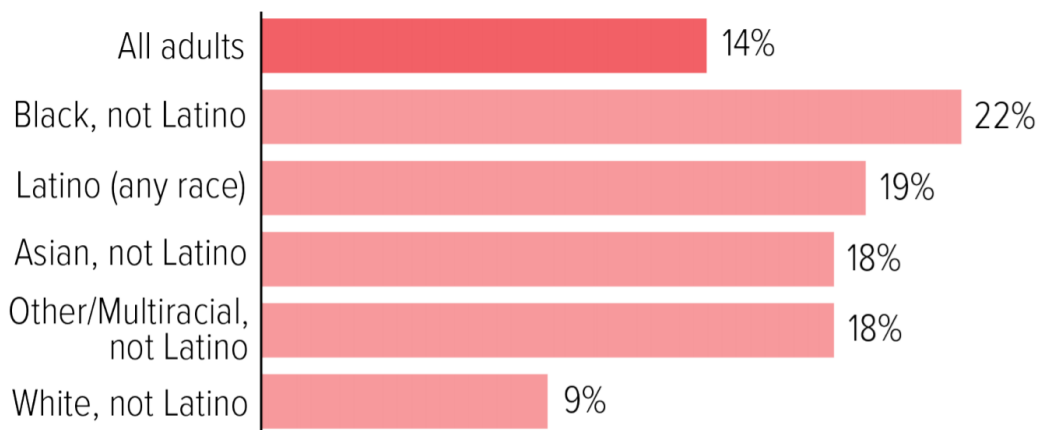
When families put most of their income towards rent, they have less to spend on adequate food, clothing, prescription medicines, and other essentials. They also live just [one crisis away](#) from eviction threats, actual evictions, and hardship due to eviction-like bad credit, homelessness, job loss, and depression.

COVID-19 became that crisis for so many families.

The flurry of restrictions and closures ushered in by the pandemic became the last straw for millions of low-wage workers — many of whom worked in the hard-hit service industry — already struggling to make rent. More than [half of all low-income households experienced job or income loss](#).

In addition to being at a [much higher risk of dying from COVID-19](#), many households of color were now at greater risk of losing their homes as [one in seven](#) low-income renters fell behind in their rent payments.

Share of adult renters saying their household is not caught up on rent



Source: CBPP analysis of Census Bureau Household Pulse Survey tables for May 12-24, 2021. [View full analysis online here.](#)

To sidestep an imminent avalanche of evictions, the U.S. government provided short-term rental relief in [COVID-19 recovery legislation](#). But federal rental assistance is still grossly under-funded, leaving three out of four eligible renters out in the cold.

So while the solutions to the current affordable housing crisis are complex and will involve both increasing access to the supply of affordable housing and reforming policies that perpetuate racial inequalities, fully funding long-term rental assistance is one of the most promising and effective avenues we have to getting more low-income families into stable and affordable homes.

Rental Assistance 101

Federal rental assistance helps millions of people with low incomes afford decent, stable homes. RESULTS is focused on expanding access to Housing Choice Vouchers (HCVs), the country's largest rental assistance program, which currently reaches only one in four eligible renters.

Targeted to the people who need it most, federal rental assistance helps [more than 10 million people](#) afford decent, stable homes. About 90 percent of households assisted with rent by the federal government receive one of three forms of support:

- **Housing Choice Vouchers (HCVs)**, which families can use to rent homes of their choice in the private market (also known as Section 8 *Tenant-Based* Rental Assistance);
- **Public housing**, which is generally in buildings owned and managed by a local housing agency; or,
- **Section 8 Project-Based Rental Assistance**, which generally provides long-term subsidies to private owners who keep rents affordable.

RESULTS is currently focused on expanding access to HCVs. As the country's largest rental assistance program, HCVs are a proven and effective tool for getting more low-income families into safe and affordable housing.

How do Housing Choice Vouchers work?

Created in the 1970s, the HCV Program is federally funded and run by the Department of Housing and Urban Development, along with a network of state and local public housing agencies. More than [5 million people in 2.3 million low-income families](#) currently use these vouchers to help pay for housing in the private market.

A recipient can use a voucher to help pay rent for their current home or to select a new home in the neighborhood of their choice. The chosen housing unit must meet federal

standards and be reasonably priced according to the local market. Essentially, HCVs bridge the gap between what people earn and what rent costs: The recipient of a voucher generally must contribute 30 percent of their monthly income to rent, while the remainder is paid by the federal government to the landlord.

Why are Housing Choice Vouchers important?

By closing the gap between what people earn and how much a safe and decent home reasonably costs, HCVs help ensure millions of low-income families can afford stable housing.

A [strong body of evidence](#) shows that households with rental assistance:

- **Can find a stable and decent place to live.** Rental assistance dramatically reduces the number of families living in shelters, on the street, in motels, or in overcrowded and unsafe conditions.
- **Can live above the poverty line.** Rental assistance lifted about 2.6 million people — including almost a million children — above the poverty line in 2019. With more income left over, families can buy adequate food, clothing, prescription medicines and withstand unexpected shocks like the pandemic or natural disasters.
- **Are healthier and happier.** Children whose families receive rental assistance to avoid homelessness experience fewer sleep disruptions and behavioral problems and are more likely to show positive social behaviors. Rental assistance also reduces psychological distress among adults who previously experienced homelessness.
- **Can break generational cycles of poverty.** HCVs provide families with choice on where to live, enabling them access to neighborhoods that might have more resources. Children whose families used HCVs to move to lower poverty neighborhoods were more likely to thrive in school, attend college, and earn more as adults.

Children and Housing Choice Vouchers

About [1.3 million school-age children](#) live in shelters, on the street, in crowded or in unstable housing like hotels. Yet we know that safe and stable housing provides children with certainty at home and school and improves their overall well-being and ability to thrive. Rental assistance lifts almost a million kids above the poverty line and gives them a better change for a brighter future.

How are Housing Choice Vouchers funded?

Congress provides annual funding for HCVs through the appropriations process. Local housing agencies around the country are authorized to issue and administer a limited number of vouchers. Unlike many other anti-poverty programs like the Supplemental Nutrition Assistance Program (SNAP), funding for HCVs does not increase with need.

Due to funding limitations in the appropriations process, there are simply not enough vouchers available to meet rising need. Only one in four people eligible to receive a voucher actually receives one and eligible people can be stuck on the waiting list for months to years.

What must Congress do to increase long-term access to Housing Choice Vouchers?

A change in policy would move children and adults out of poverty and address racial inequities in housing by ensuring that everyone who is eligible can access a Housing Choice Voucher.

President Biden is the first American president to pledge to fully fund federal rental assistance by making vouchers available to every eligible household. But the Administration has yet to deliver on this promise.

Through the CARES Act and the American Rescue Plan, Congress did dedicate a significant sum of money to address the eviction crisis magnified by COVID-19. But when funds run out, millions of people still won't be able to afford their homes and will be at risk of eviction and possibly homelessness. These funds, along with the federal eviction moratorium that will eventually expire, are short-term interventions in response to the COVID-19 crisis. The demand for affordable housing, particularly for low-income renters, existed long before the global pandemic — and will continue long afterwards without a long-term increase in funding for rental assistance.

The Administration's recovery proposal does not come close to addressing the need for universal HCVs. While the Administration has proposed \$318 billion dollars allocated to affordable housing, HUD's proposal focuses on increasing the supply of housing and it's unclear if any funds will be prioritized for long-term rental assistance. And while President Biden's FY2022 budget proposal includes funding for 200,000 new vouchers, this is a tiny fraction of what is needed to get to a universal system.

Today's lack of access to safe, decent, and affordable housing reflects and compounds the racial inequities that have plagued this country for centuries. The federal government

played a major role in creating housing segregation and inequity and allowing them to persist. It now carries the burden and responsibility of fixing it.

If we do not fully fund rental assistance, the racial wealth divide will only widen, deepening the inequity and injustice in this country.

Receiving rental assistance should not be up to chance or luck — and Americans should not have to choose between paying rent and buying food.

Congress has an opportunity to fulfill President Biden's down payment towards fully funded rental assistance through guaranteed, multi-year funding for HCVs.

Renter's Tax Credit: An alternative approach to rental assistance

Mandatory, long-term funding for a universal HCV program is one of the most clear and effective pathways available to get more Americans into affordable homes, but a "renter's tax credit" also holds enormous potential to expand the housing social safety net in the United States. There are a few ways [it could work](#), from refundable tax credits that go directly to renters that pay more than 30 percent of their income in rent, to tax credits that could be claimed by owners to keep rents affordable. [President Biden](#), Vice President [Kamala Harris](#), [Senator Cory Booker](#), and former [GOP Senator Dean Heller](#) have all made various proposals on how a credit could work. The renter's tax credit is a promising pathway for affordable housing that RESULTS will be following in the months to come.