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The Status of Federal Housing Assistance for Low-Income Households

Presentation for the Council of Large Public Housing Authorities

Elizabeth Cove Delisle, Budget Analysis Division

With Natalie Tawil, Microeconomic Studies Division

This presentation includes information published in CBO's *Federal Housing Assistance for Low-Income Households* (September 2015), www.cbo.gov/publication/50782.

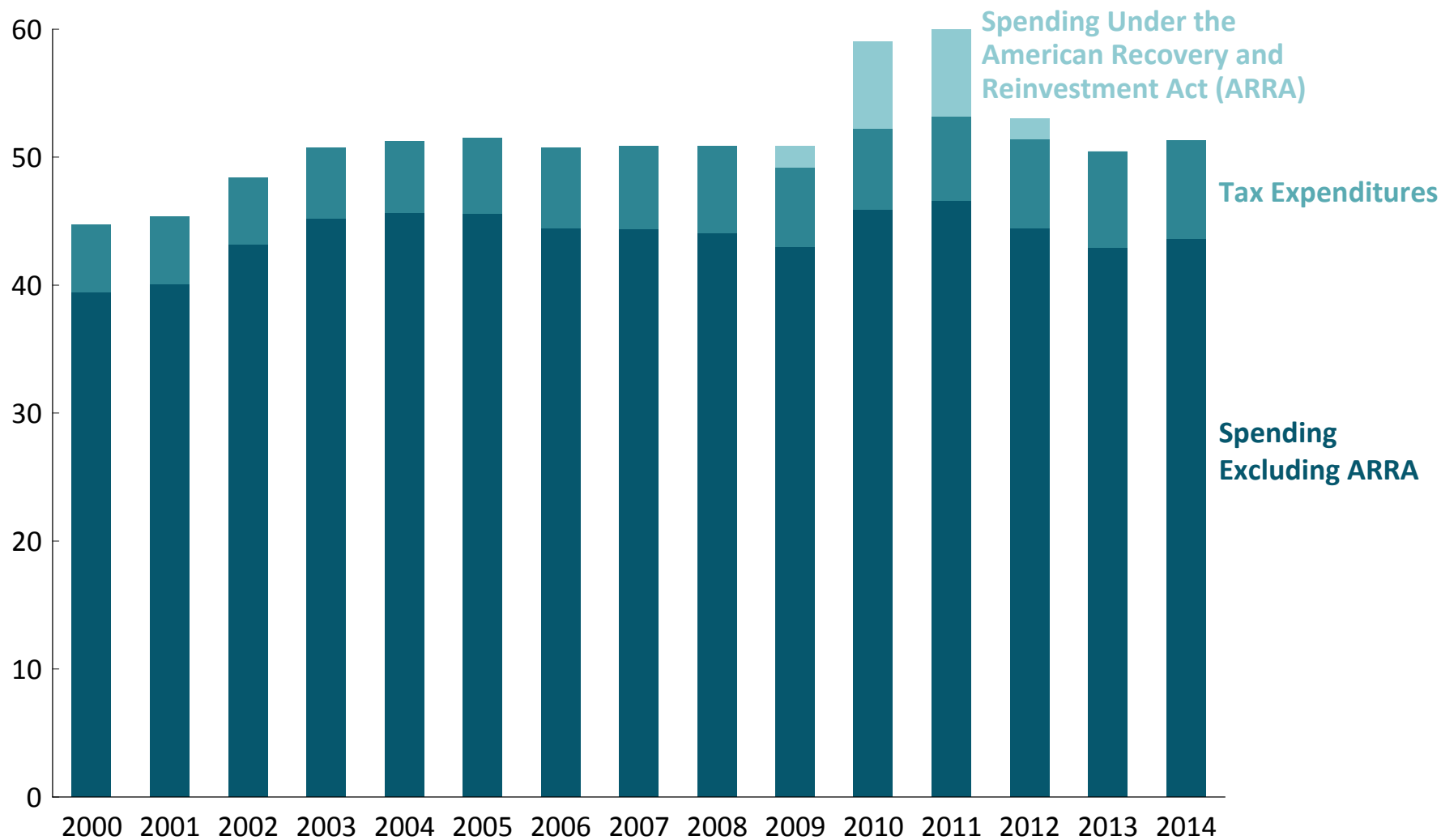
What Housing Assistance Does the Federal Government Provide for Low-Income Households?

In 2014, the federal government provided:

- \$18 billion for the Housing Choice Voucher (HCV) program
- \$12 billion for project-based rental assistance (PBRA)
- \$7 billion for public housing
- \$8 billion for other housing programs, mostly grants
- \$7 billion in tax expenditures for the Low-Income Housing Tax Credit (LIHTC)

Federal Spending and Tax Expenditures for Low-Income Housing Assistance, 2000 to 2014

Billions of 2014 Dollars



Whom Do Federal Low-Income Housing Programs Assist?

- Three main programs assist 4.8 million households, or 9.8 million people: public housing, HCV, and PBRA.
- The programs serve about one-quarter of the roughly 20 million households that are eligible.
- The average subsidy received by households in 2013 was \$7,600.
- Gross income per household averaged roughly 25 percent of area median income across the three programs.
 - \$13,800 (in 2013 dollars) in the public housing program
 - \$13,100 in the HCV program
 - About \$12,000 in the PBRA program

Characteristics of People Receiving Direct Low-Income Housing Assistance Through Three Main Federal Programs, 2013

Program	Number Assisted (Millions)	Demographics by Household Type					Households' Largest Source of Income			
		Elderly ^a	Disabled ^b	Able-Bodied, Nonelderly	With Children	Without Children	Pension, Social Security, SSI ^c	Work	TANF and State-Funded Cash Assistance ^d	Other ^e
Percentage of Households										
HCV	2.2	21	28	51	48	52	50	28	12	11
PBRA	1.5	50	18	32	26	74	67	16	4	13
Public Housing	1.1	31	21	48	40	60	50	28	12	10
All Three Programs	4.8	32	23	44	39	61	55	24	9	11
Millions of People										
HCV	5.2	0.6	1.1	3.4	3.7	1.5	1.9	1.9	0.8	0.6
PBRA	2.3	0.8	0.3	1.2	1.1	1.2	1.2	0.6	0.1	0.4
Public Housing	2.3	0.4	0.4	1.5	1.5	0.8	0.8	0.9	0.4	0.3
Total	9.8	1.9	1.8	6.1	6.3	3.5	3.8	3.3	1.4	1.4

a. The head of the household, or his or her spouse, is 62 or older.

b. The nonelderly head of the household, or his or her spouse, is disabled.

c. Supplemental Security Income (SSI) guarantees a minimum level of income for people who are elderly, blind, or disabled.

d. State-funded cash assistance programs generally serve people without minor children who are not elderly and do not qualify for SSI. This source of income category also takes into account benefit reductions in Temporary Assistance for Needy Families (TANF) and state-funded cash assistance programs attributed to noncompliance with program requirements or to fraud.

e. The category "Other" includes child support, medical reimbursement, Indian trust benefits, other non-wage sources, and unemployment benefits.

How Could Policymakers Change Federal Low-Income Housing Assistance?

- CBO's September 2015 report *Federal Housing Assistance for Low-Income Households* provides estimates for 13 options for policy changes.
- The options would change:
 - The size or composition of the assisted population
 - Tenants' contributions to rent
 - Resources available to public housing agencies
 - Ways in which low-income housing assistance is provided
- CBO estimated the budgetary effects of the options over the 2016–2025 period.
- Effects vary from 10-year savings of over \$100 billion to 10-year costs of more than \$400 billion.

Policy Options for Federal Low-Income Housing Assistance and Estimated Budgetary Effects, 2016 to 2025

Policy Option	10-Year Budgetary Effects (Billions of nominal dollars)
Change the Size or Composition of the Assisted Population	
Reduce the number of housing choice vouchers (HCVs)	
Reduce the number of HCVs by 10 percent	-18
Gradually eliminate HCVs for households with income over 30 percent of area median income (AMI)	-20
Gradually eliminate all HCVs	-118
Increase the number of HCVs	
Increase the number of HCVs by 10 percent	18
Gradually provide HCVs for all households with income of no more than 30 percent of AMI	290
Gradually provide HCVs for all eligible households	410
Require participation in a work support program and give priority to applicants who work ^a	10
Change Tenants' Contributions to Rent	
Increase the share of income that tenants pay in rent ^a	-22
Reduce the share of income that tenants pay in rent ^a	22
Change the Resources Available to Public Housing Agencies (PHAs)	
Increase PHAs' access to private funds ^b	0
Require consolidation of PHAs and decrease funds for their administrative costs	No Estimate
Increase funds for the administration of housing assistance	4
Change the Ways in Which Assistance Is Provided	
Replace project-based rental assistance contracts with HCVs	No Estimate
Provide more money for the Housing Trust Fund to expand low-income housing	No Estimate
Repeal the Low-Income Housing Tax Credit	42
Introduce a renter's tax credit	-42

a. The option holds constant the number of households served.

b. Because this option is designed to avoid creating obligation in advance of appropriations, it would be budget neutral.

Caps on Nondefense Discretionary Appropriations

- Caps limit the size of appropriations for discretionary programs.
- The Office of Management and Budget determines the actual cap amounts each year, based on the Budget Control Act of 2011.
- OMB has determined that the nondefense cap for 2016 is close to the cap for 2015; the caps increase by 2 to 3 percent each year after that, by CBO's estimate
- If total appropriations exceed the caps, sequestration (an across the board reduction) occurs.
- Congressional appropriations actions determine how funding for specific agencies fits within the caps.

Housing and Urban Development's Fiscal Year 2016 Appropriation

- The Congress passed and the President signed into law the Continuing Appropriations Act, 2016 (Public Law 114-53) on September 30, 2015.
- The act provides fiscal year 2016 appropriations through December 11, 2015.
- The level of funding is generally the same as the fiscal year 2015 amount reduced by 0.21%.
- Terms and conditions are the same as those in the final appropriation bill for fiscal year 2015.