

At a Glance

H.R. 2763, Keeping Families Together Act of 2019

As ordered reported by the House Committee on Financial Services on June 11, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	0	2,192	not estimated

Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Prevent the Department of Housing and Urban Development from implementing a proposed rule that would make the following individuals ineligible to live in a household that receives housing assistance:
 - Individuals who do not submit documentation of citizenship or immigration status
 - Individuals who are ineligible because of their immigration status

Estimated budgetary effects would primarily stem from

- Maintaining eligibility for housing assistance for certain households

Areas of significant uncertainty include

- Accurately estimating the share of individuals that lack documentation of citizenship or immigration status
- Accurately estimating the number of households with both eligible and ineligible members that would maintain assistance

Detailed estimate begins on the next page.

Bill Summary

H.R. 2763 would prevent a proposed rule from taking effect; under current law that rule would require all members of a household to be eligible for housing assistance based on each member’s citizenship or immigration status, and to submit documentation thereof, in order for the household to receive assistance.

Estimated Federal Cost

CBO estimates that implementing H.R. 2763 would cost \$2.2 billion over the 2010-2024 period, assuming appropriations of the necessary amounts. The costs of the legislation fall within budget function 600 (income security).

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted near the end of 2019 and that the estimated amounts will be appropriated for each fiscal year beginning in 2020. Estimated outlays are based on historical patterns for existing and similar activities.

CBO estimates that under current law implementing the proposed rule in full (Housing and Community Development Act of 1980: Verification of Eligible Status) would reduce spending subject to appropriation by \$4.4 billion over the 2019-2024 period (see Table 1). Because that rule is proposed and not yet final, CBO assumes that there is a 50 percent chance that the rule will take effect; therefore, CBO estimates that by preventing the rule from going into effect, implementing H.R. 2763 would cost about \$2.2 billion over the 2019-2024 period, assuming appropriation of the estimated amounts (see Table 2).

**Table 1.
Estimated Effect on Program Outlays Under Current Law if the Proposed Rule Were Fully Implemented**

	By Fiscal Year, Millions of Dollars						2019-2024
	2019	2020	2021	2022	2023	2024	
Documentation Requirement	0	-100	-582	-1,040	-1,062	-1,084	-3,868
Ineligible Households	0	-14	-81	-145	-148	-151	-539
Ineligible Members	0	0	2	3	3	3	11
Administrative Costs	0	1	1	4	3	3	12
Total Changes	0	-113	-660	-1,178	-1,204	-1,229	-4,384

Table 2.
Estimated Changes in Spending Subject to Appropriation Under H.R. 2763^a

	By Fiscal Year, Millions of Dollars						2019-2024
	2019	2020	2021	2022	2023	2024	
Total Changes							
Estimated Authorization	0	57	330	589	602	615	2,192
Estimated Outlays	0	57	330	589	602	615	2,192

Details may not sum to totals because of rounding.

a. Estimate assumes a 50 percent probability that the proposed rule would be implemented under current law. Thus, the bill's costs equal 50 percent of the costs shown in Table 1.

Background

H.R. 2763 would prevent the Department of Housing and Urban Development (HUD) from implementing the proposed rule entitled, “Housing and Community Development Act of 1980: Verification of Eligible Status,” which was published on May 10, 2019. That rule would require all members of a household participating in HUD’s assisted housing programs to be U.S. citizens, U.S. nationals, or to have eligible immigration status. Noncitizens who would be eligible include lawful permanent residents, refugees, asylees, some nonimmigrants who are temporarily admitted into the United States, and some aliens whose orders of removal are withheld.

The rule also would require each member of a household to submit documentation of citizenship or immigration status to public housing authorities (PHAs) when the household applies for assistance. Households that are currently receiving assistance would be required to submit such documentation at the time of their annual income reexamination.

CBO estimates the budgetary effects of legislation that affects spending subject to appropriation relative to current law; in addition CBO’s estimate of the level of spending for the assisted housing programs under current law accounts for 50 percent of the impact of the proposed rule. Thus, this estimate of preventing the rule from taking effect reflects 50 percent of the full estimated costs of preventing implementation.

The proposed rule would allow PHAs to delay terminating a household’s assistance for up to 18 months if that household is unable to find housing that is appropriately sized, relatively affordable, and not substandard. The extent to which households would request—and PHAs would grant—such delays depends on a variety of factors that are uncertain including the availability of alternative housing, the ability and willingness of households to move, and the timing of moves. Because CBO has no information on what the outcome of those decisions would be, CBO assumes that households whose assistance would end at the time of their annual reexamination and those that would be granted 6, 12, and 18-month delays are evenly distributed.



Effect of Implementing Proposed Rule

This section describes CBO's estimate of the cost to fully implement the proposed rule. CBO's estimate of the budgetary effect of H.R. 2763 is based on 50 percent of that cost.

Documentation requirement. Under current law, the proposed rule would require each member of an assisted household to submit documentation of citizenship or immigration status. Based on data from HUD, research on state experiences with Medicaid enrollment following implementation of a documentation requirement, and research on the share of low-income households that do not have documentation of their citizenship, CBO estimates that about 130,000 households would not submit documentation and would be ineligible for assistance by 2022. Based on data from HUD, CBO estimates that, on average, those households would receive assistance of about \$9,300 annually in fiscal year 2022. In total, CBO estimates that implementing the documentation requirement would reduce program costs by \$3.9 billion over the 2019-2024 period.

Ineligible Households. The proposed rule would prohibit households with both eligible members and members that are ineligible based on their citizenship or immigration status to receive housing assistance. Under the proposed rule, CBO expects that households with ineligible heads of household, spouses, or children would stop receiving assistance in order to keep the household together. Based on data provided by HUD, CBO estimates that approximately 23,000 such households would be ineligible for assistance by the end of fiscal year 2022 and that those households would receive an average subsidy of \$7,900 in that year. In total, CBO estimates that terminating assistance for those households would reduce program costs by \$539 million over the 2019-2024 period.

Ineligible Members. The proposed rule would not allow people who are ineligible for housing assistance based on their citizenship or immigration status to live in households with eligible members. Under the proposed rule, CBO expects that ineligible adults who are not heads of household or spouses would leave the household and that the remaining members would continue to receive assistance. Households that receive housing assistance pay a portion of their income—usually about 30 percent of their adjusted household income—for rent. Based on data from HUD, CBO estimates that ineligible adults contributed about \$6,000 a year to their household income in 2019, on average. Consequently, the rent that households pay would decrease when the ineligible members leave and the subsidy would be adjusted upward.

Based on data from HUD, CBO estimates that about 1,900 households would have ineligible members that would leave the household and that those households would receive an annual subsidy that was \$1,910 higher, on average, in fiscal year 2022. In total, CBO estimates that program costs would increase by \$11 million over the 2019-2024 period as a result of ineligible individuals leaving their households.



Administrative costs. CBO expects that PHAs would incur a number of administrative costs to implement the proposed rule. Specifically, PHAs would incur costs to assist households to obtain citizenship or immigration documents, train staff about acceptable forms of documentation, and verify immigration status in a federal database. Based on information from PHAs about the costs of similar activities, CBO estimates that those costs would total \$3 million over the 2020-2022 period but that they would not be significant after 2022.

In addition, CBO expects that HUD would evict a small number of households in order to enforce the proposed rule. CBO assumes that the evictions would not be contested; consequently, the costs of evictions could include court, law enforcement, and minor legal fees. Based on information from HUD about eviction rates following implementation of a smoking ban, and information from industry sources on formal eviction rates, CBO estimates that about 10 percent of mixed-status households and households that lack documentation—or about 16,000 households—would be formally evicted by 2024. Based on information from HUD and industry sources about the cost of a formal eviction, CBO estimates that those costs would be about \$650 per household in that year. In total, CBO estimates that the cost to carry out evictions under the proposed rule would total \$9 million over the 2022-2024 period.

Uncertainty

CBO has identified several areas of significant uncertainty with respect to our estimates of the costs of implementing H.R. 2763. For example, we do not have good information about the share of assisted households that lack documentation of citizenship status or the extent to which households would acquire such documentation in order to avoid losing assistance. How households would respond to the requirement that all members of a household be eligible based on citizenship or immigration status for any member of the household to participate in HUD's assisted housing programs is also difficult to predict. If ineligible heads of household, spouses, or children leave the household in order to prevent the loss of assistance, the estimated costs of implementing H.R. 2763 would be lower than estimated.

Pay-As-You-Go Considerations: None.

Increase in Long-Term Deficits: None.

Mandates: None.



Estimate Prepared By

Federal Costs: Elizabeth Cove Delisle

Mandates: Rachel Austin

Estimate Reviewed By

Sheila Dacey

Chief, Income Security and Education Cost Estimates Unit

H. Samuel Papenfuss

Deputy Assistant Director for Budget Analysis

Theresa Gullo

Assistant Director for Budget Analysis