

Value of Home
2015 PAHRC REPORT



VALUE OF HOME

The value of having a safe and decent place to live is much greater than simply the cost of housing. The shelter and stability that a home provides allows us to meet our basic human needs, maintain a certain quality of life, and reach our full potential. A stable home is a critical foundation for all stages of life, providing a secure platform to achieve positive health, educational, and economic outcomes. The added value of a home is its ability to serve as a catalyst to improvements in these outcomes.

Affordability is a major hurdle to housing stability and quality of life, and is a growing problem for more Americans. Since the stock of affordable housing is in short supply, low-income families struggle to find adequate housing in their price-range and must make difficult trade-offs to afford a decent place to live¹. Rental assistance helps to bridge the gap between housing that low-income families can afford and what the housing market offers. In doing so, it provides essential support in many communities and gives struggling families the boost they need to achieve housing stability and its many benefits. This report explores the need for rental assistance, the characteristics of those who currently receive federal rental assistance, and the ways in which assisted rental housing enhances the lives of residents and improves communities.

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THE NEED FOR ASSISTED RENTAL HOUSING

As rental housing costs have risen nearly three times faster than the median household income since 2007², there is an increasing need for affordable housing and rental assistance. This section explores the need for assisted rental housing as evidenced by the increasing percentage of American renters who are ‘housing cost burdened,’ those who are waitlisted for housing assistance programs, and those who might qualify for housing assistance in comparison to the current availability of affordable housing in the US.

UNDERSTANDING THE NEED FOR RENTAL ASSISTANCE

In 2013, half of all US renter households paid more than 30% of their gross annual income on housing costs³, a figure the US Department of Housing and Urban Development (HUD) uses to benchmark a ‘housing cost burden,’ or the point at which housing costs might begin to overtake other life expenses such as healthcare and nutrition. While higher-income households can absorb rising housing costs without becoming cost burdened, many low-income families who do not obtain rental assistance must sacrifice spending on other necessities to avoid living in sub-par housing or have access to better neighborhoods¹. Without the ability to save for emergencies, cost burdened families could sink deeper into poverty or teeter on the edge of homelessness like Antonia (see right).

ANTONIA
Boston, Massachusetts



“Before I was laid off from my job, I made enough money to live paycheck to paycheck. I was paying \$1,600 market rent for a three bedroom apartment in a small suburb outside of Boston. Afterward, I was able to collect unemployment, but it wasn’t enough to pay the rent and cover the bills for myself and my four children.”

I applied for a variety of housing assistance waiting lists. The truth quickly settled in – some waiting lists were between a three and five year wait. We lived in a homeless shelter for a little over two years. When I was finally notified that I could be eligible for a Section 8 voucher if I was willing to enroll in a program named “Leading the Way Home” for 18 months, I found that this could be my chance to give my family a home and move us out of the shelter.

My family has been in the same apartment that we first moved into once we left the shelter and entered the “Leading the Way Home” program. Having a stable living environment has made all the difference in world for my children. While I continue to build myself back to the point where I am able to fully support my family’s needs; I have a Section 8 voucher to help me pay for the most important monthly expense I have, a place for my children to call HOME!” [Antonia is currently working towards her Master’s Degree. The ‘Leading the Way Home’ program is made possible through the Moving to Work (MTW) demonstration]

86% of renter households in poverty were housing cost burdened in 2013, an increase of 8% since 2007

FIGURE 1: COST BURDENED RENTER HOUSEHOLDS

The share of housing cost burdened renters in all income groups increased between 2007 and 2013.

PAHRC tabulation of American Community Survey (ACS) 2007-2013 (one-year estimates), includes utilities. Estimates use US Census Bureau poverty thresholds. The poverty threshold for a family of four in 2013 was \$23,834⁷.

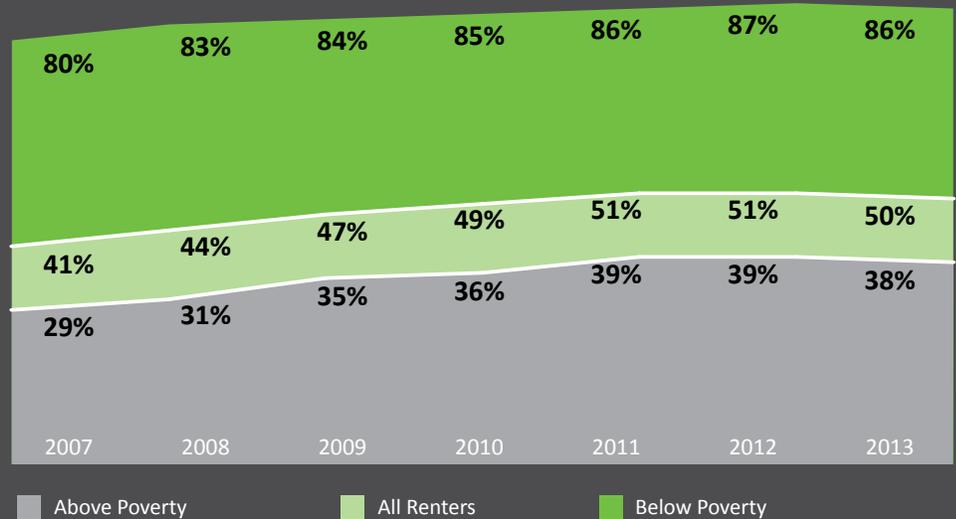
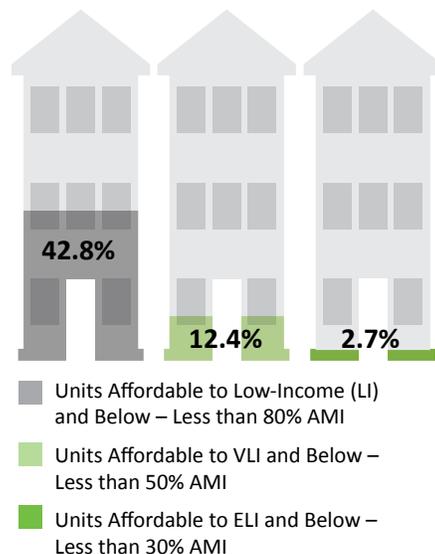


FIGURE 2: PERCENT OF UNASSISTED RENTAL UNITS AFFORDABLE TO LOW-INCOME HOUSEHOLDS

Without deep rental assistance, only 2.7% of unassisted rental units would be affordable to extremely low-income families.



PAHRC tabulation of American Housing Survey (AHS) 2013, includes utilities. HUD uses a family's distance in income from the Area Median Income (AMI) as a benchmark for need.

Renters experiencing housing cost burdens are more likely to be families more vulnerable to the effects of poverty such as households headed by a single mother, a female living alone, an individual with a disability, or an elderly household⁴. Yet the struggle to afford rent has become a problem for a much larger group of renters since the Recession⁵. The increase in the number of cost burdened households is especially pronounced for renters above the poverty threshold. The percent of renters above the poverty threshold exhibiting housing cost burdens increased 31% between 2007 and 2013, as seen in *Figure 1*⁶. Low-income renters continue to struggle to afford housing with 86% of households in poverty exhibiting housing cost burdens in 2013, an increase of 8% since 2007. Thus while affording decent housing was difficult for many households before the Recession, it has become a critical problem for more families today and continues to be an urgent problem for poor families.

As seen in *Figure 2*, without deep rental assistance, only an estimated 2.7% of unassisted market rate rental units⁸ were affordable to ELI families and 12.4% of similar rental units would be affordable to VLI families⁹. These gaps between supply and demand demonstrate the critical need for rental assistance. Families are considered extremely low-income (ELI) by HUD if their household income is less than 30% of the Area Median Income (AMI), very low-income (VLI) if their household income is at or greater than 30% but less than 50% of the AMI, and low-income (LI) if their household income is at or greater than 50% but less than 80% of the AMI¹⁰. Rental assistance is considered 'deep' if it provides a rental subsidy based on a family's income rather than targeting families with incomes below a specific percentage of the AMI.

The affordability problem stems from the increase in the number of renter households, the loss of affordable units due to age, higher income renters renting units below their price-range (renting-down), and difficulties in financing the construction of new affordable units. These factors have led to increased rents and a shortage of affordable units⁴. At the same time, more households are sliding down the income scale. These trends make it more difficult for all renters to find market-rate units in their price range, but make it especially problematic for the growing number of ELI families.

**FIGURE 3:
LOW-INCOME RENTER HOUSEHOLDS
ESTIMATES (IN MILLIONS)**

The number of ELI renter households has increased 20.8% since 2007.

	2007		2013		CHANGE	
	Renter Households	% of All US Renters	Renter Households	% of All US Renters	% Change in Number of Households	% Change in Percentage of All US Renters
Low-Income (LI) (50%-79.9% AMI)	6.52	19.8%	7.02	17.5%	+7.7%	-2.3%
Very Low-Income (VLI) (30%-49.9% AMI)	5.50	15.7%	6.35	15.8%	+15.5%	+0.1%
Extremely Low-Income (ELI) (Below 30% AMI)	6.94	18.6%	8.39	20.9%	+20.8%	+2.3%
TOTAL RENTER HOUSEHOLDS LOW-INCOME AND BELOW	18.96	54.1%	21.8	54.2%	+15.0%	+0.1%

PAHRC tabulation of AHS 2013, adjusted for family size using HUD income limits. AMI stands for Area Median Income.

Using conservative estimates¹¹, there were approximately 8.39 million ELI and 6.35 million VLI renter households in the US in 2013, as seen in *Figure 3*. **The number of ELI renter households has increased 20.8% since 2007, showing a growing need for low-cost units.** While rental assistance program guidelines differ, generally ELI and VLI households fit the income criteria for rental assistance. Based on these estimates, at least 37% of US renter households might be eligible for housing assistance¹². In some areas, these families could include single-income working class professionals like nursing aides, dental assistants, police officers, and teachers¹³.

The need for assisted housing is further illustrated by the length of waiting lists for rental assistance programs. **A 2012 study estimated that there are approximately 1.64 million families waiting for public housing units and 2.76 million families waiting for Housing Choice Vouchers (HCVs) (some also waiting for a public housing unit)¹⁴. This means that nationally, there are 150 households waiting for every 100 existing public housing units and 120 households waiting for every 100 existing HCVs¹⁵.**

While not every family on a waiting list might qualify, over 80% of families on waiting list are ELI¹⁶. These families as well as many VLI families on the waiting list would almost certainly be eligible¹⁷. The number of families seeking rental assistance may be even higher than these estimates suggest, as new families were not able to apply to housing programs in many areas. Forty-eight percent of waiting lists for HCVs and 6% of public housing waiting lists were reported closed in 2012 due to the current wait time for existing applicants. On average, families currently housed in public housing had waited more than one year on the waiting list and those assisted by the HCV program had waited on the list for nearly two years¹⁸.

The need for rental assistance is often more pronounced in expensive areas. As seen in *Figure 4* on the next page, the percentage of area renters on the waiting list for public housing and HCVs varies by state. Darker shaded states, such as Washington DC, Massachusetts, and California, have the largest percentage of renters on housing assistance program waiting lists.

There are
150
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100
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Moreover, there are no metropolitan areas where a full-time minimum wage worker can afford a one bedroom rental unit at the Fair Market Rent (FMR), which marks the 40th percentile of area gross rents and is the benchmark used by many for the average market rent in an area. Wages as high as \$37 per hour are needed to afford the average two bedroom apartment in some high cost areas and a wage of \$18.92 per hour is necessary to afford an average two bedroom rental, nationally¹⁹.

In sum, there is a growing need for rental assistance as economic trends force more households to become cost burdened and fewer unassisted market-rate units are affordable to low-income families.

RENTAL ASSISTANCE AVAILABILITY

Only three percent of rental units affordable and available for ELI families did not receive any type of deep housing assistance in 2012²⁰. Federal rental assistance directed at individual households comes in the form of a physical unit of housing or through a housing voucher presented to a landlord. The public housing and HCV programs work directly with families in this way. Rental assistance is also delivered indirectly to families by providing housing developers with tax credits, renovation funds, or mortgage insurance in exchange for keeping a percentage of the units in the impacted property affordable to low-income families. Programs such as the Low Income Housing Tax Credit (LIHTC) and the Fair Housing Administration's (FHA) mortgage insurance help set some unit rents at an affordable price-point for the area.

Including both direct and indirect housing assistance in a comprehensive count of federally assisted rental units, **there were approximately 7.12 million assisted units and tenant vouchers serving low-income families in the US in 2014²¹**. The number of federally assisted units may fluctuate from year to year based on Congressional appropriations, the matriculation of landlords (and their properties) in and out of assisted housing programs, expiring affordability restrictions, and the development or demolition of physical units.

As Congressional funding for certain types of rental assistance declines, the stock of assisted properties is at risk of shrinking further. There are more than 330,000 units receiving federal housing assistance whose contracts or affordability restrictions are set to expire by the end of 2015²². While some of these properties have contracts that will likely be renewed, assisted properties in desirable markets are more likely to move to market-rate rents and lose their affordability status²³. Thus as the rental market tightens, the stock of affordable housing may shrink more quickly in high rent areas, making it more difficult for low-income families to live in these areas.

At the same time, development of new assisted units does not match the growth in need. As seen in *Figure 5*, during a time when poverty has increased by 23.6% and the number of ELI families has increased 20.8%, there has been only a 2.7% increase in the supply of assisted housing units. This mismatch is likely caused by the sparse federal funding for new development or rehabilitation of affordable housing properties and rising rents for voucher holders. Funding shortfalls could also lead many existing units with affordability restrictions to be inadequately maintained to ensure their longevity, especially given the reported \$26 billion in back-logged repairs in the public housing portfolio in 2010²⁴.

These factors combine to show that the current and projected supply of assisted rental units is not adequate to help the many families that need assistance.

There were approximately
7.12
 million
 assisted units and
 tenant vouchers
 serving low-income
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 in 2014.

FIGURE 5:
 CHANGE IN UNITS OF
 ASSISTED HOUSING TO
 HOUSEHOLDS IN NEED
 2007 TO 2013

The growth in assisted housing does not match the growth in need.

Total Assisted Housing



2.7%
CHANGE

Households in Poverty



23.6%
CHANGE

Total ELI Households



20.8%
CHANGE

PAHRC tabulation of Picture of Subsidized Housing (POSH), ACS (one-year estimates), and AHS 2007 and 2013. Total assisted housing includes primary rental assistance programs.

ASSISTED RESIDENT DEMOGRAPHICS

41%

of all residents receiving assistance are children.

Almost

60%

of senior households receiving assistance are disabled.

Given the limited supply of affordable market-rate units, assisted housing provides a valuable resource to many families. While housing assistance benefits many types of people and families, most households assisted by the public housing and HCV programs would be more vulnerable to the effects of poverty than average low-income households if they were unassisted. This section explores ages, disability status, family composition, and employment status for families that receive housing assistance and explores recent shifts in the demographics of those served by these two programs.

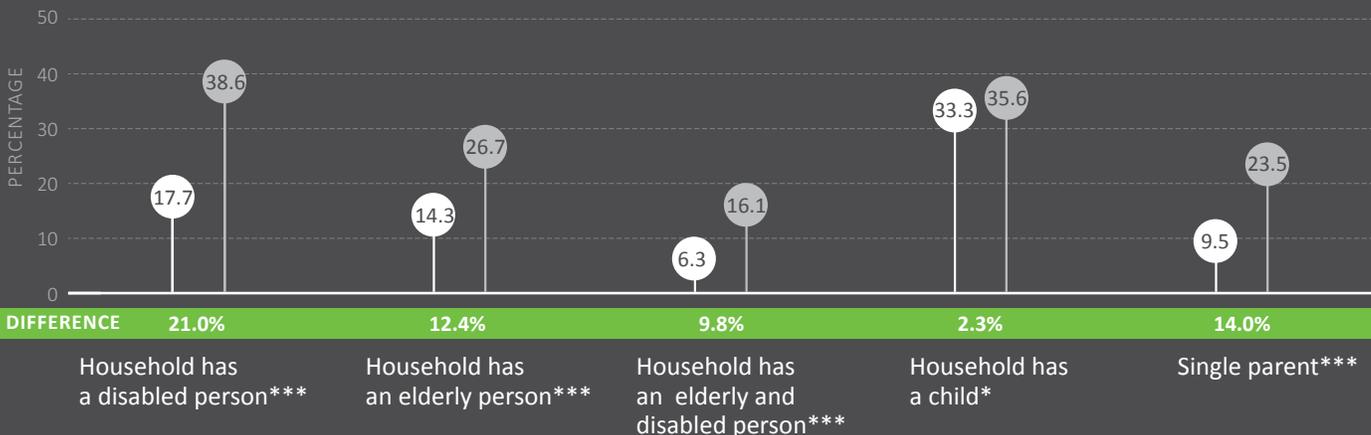
AGE, FAMILY COMPOSITION, AND DISABILITY STATUS

Assisted families are significantly more likely to include elderly adults, disabled individuals, single parents, or children under 18 than similar-income families who are not assisted, as shown in Figure 6. Indeed only 13% of assisted families in the public housing and HCV programs has a head of household who is not elderly, disabled, or do not have children. Housing assistance is an especially critical resource for children. **Children represent 41% of all residents in these programs²⁵, while they represent only 23% of persons living in the US²⁶.**

Likewise, the public housing and HCV programs offer an important support for seniors and disabled individuals who are no longer be able to work and whose fixed incomes cannot weather mounting increases in rents. **Seniors 62 and over represent 13% of all residents and 25% of all household heads²⁵.** Almost 60% of senior household heads in the public housing and HCV programs are disabled compared to just over 9% of household heads 62 and over living in the US^{26,27}. **Looking strictly at disabled household heads (including seniors who are disabled), disabled household heads represent 41% of all household heads assisted by these two programs²⁵. Only 17% of all household heads report being disabled in the US population at large²⁷.** In sum, the public housing and HCV programs have a particular focus on children and are a critical support for elderly and disabled individuals as well, like Joanie and her granddaughter (right).

FIGURE 6: DIFFERENCES IN THE COMPOSITION OF LOW-INCOME RENTER HOUSEHOLDS

Assisted renter households are more likely to include elderly adults, disabled individuals, single parents, or children under 18.



● Unassisted Renters ● Assisted Renters ■ Assisted Difference

PAHRC tabulation of AHS 2013. Analysis only includes renter households earning below the area median income adjusted for family size using HUD Income Limits. Statistically significant:

* (P<.05) ** (P<.01) *** (P<.001).

JOANIE & JAYDA NELSON
Cleveland, Ohio



In June 2006, Joanie was driving her 19-year-old daughter, Joanna, and her newborn granddaughter, Jayda. En route, the vehicle they were riding in was struck by a drunk driver, tragically killing Joanna. Joanie and Jayda were injured, but both survived.

While recuperating from her injuries, Joanie was unable to work and lost her job. As a result, she was evicted from the rental housing that she previously shared with her daughter and granddaughter. Now left to raise Jayda on her own, Joanie secured housing within Cuyahoga Metropolitan Housing Authority (CMHA).

A few years passed, and a relative told Joanie about a new property under construction by CMHA called Griot Village. The property is the first intergenerational community in the state of Ohio specifically designed to accommodate the needs of seniors raising children. Joanie applied to live at Griot Village, and she and Jayda were the first tenants accepted to live at the property.

Griot Village offers a supportive services coordinator who provides assistance to the intergenerational residents, along with a community center and homework stations. The coordinator also works with the residents on financial literacy and health care prevention services,

as well as health education, nutrition and exercise classes, technology classes, and case management services. The location of Griot Village was chosen to cater to its residents; it is near public transportation, medical centers, local schools, and retail developments.

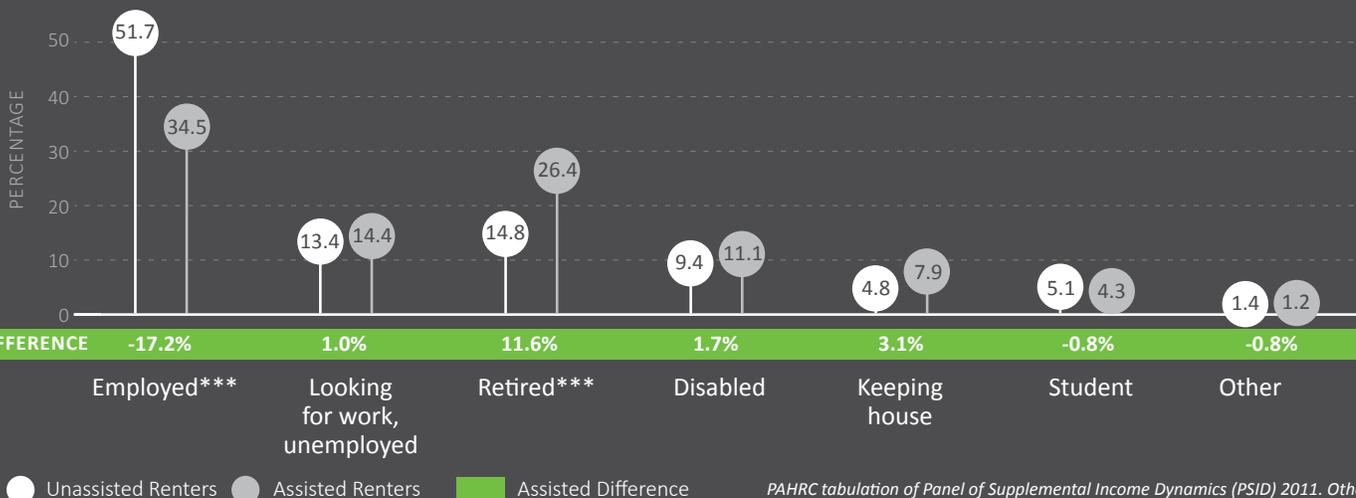
Jayda is now eight years old. With the community of Griot Village and the support she now receives, Joanie's goal is to help Jayda attend college.

Photo Credit: CITY ARCHITECTURE, 3636 EUCLID AVENUE, SUITE 300, CLEVELAND, OHIO 44115



**FIGURE 7:
DIFFERENCES IN WORK STATUS OF
LOW-INCOME RENTER HOUSEHOLD HEADS**

Differences in employment rates due to high rate of retirees in assisted housing.



● Unassisted Renters ● Assisted Renters ■ Assisted Difference
 PAHRC tabulation of Panel of Supplemental Income Dynamics (PSID) 2011. Other includes temporarily laid off, sick leave or maternity leave, and other. Analysis only includes renter households earning below 150% of the poverty level. Statistically significant:
 * (P<.05) ** (P<.01) *** (P<.001).

Excluding households heads that are elderly, disabled, or temporarily out of the workforce, 63% of assisted household heads reported working or attending school in 2011.

INCOME AND EMPLOYMENT

As mandated by law, most families served by the public housing and HCV programs are at the lowest end of the income spectrum²⁸. **Sixty-seven percent of families across both programs are ELI, 20% are VLI, and 8% are LI. Forty-five percent of households have an annual income of \$10,000 or below²⁵.**

In many cases, residents’ financial positions reflect constraints such as dependent or disabled family members, costly health issues, or aging out of the workforce²⁹. Nevertheless, more than one-third of all assisted households have a household member in the workforce²⁵. The percentage of households with members tied to the workforce is likely greater when you consider only able-bodied, working-age individuals who make up less than half of residents in these two programs. Moreover, more than 90% of families caring for children are headed by females, suggesting that many household heads may be single parents whose wages must cover the high cost of childcare in addition to rent²⁵.

Comparing the employment status of assisted households to unassisted households in *Figure 7*, **differences in employment rates between these two groups can be attributed to the greater number of retirees that reside in assisted housing. There is no statistically significant difference in the number of assisted households versus unassisted low-income household heads reporting being unemployed and looking for work.** Half of assisted household heads report not working because they are retired, disabled, keeping the house, are on sick or maternity leave, or are currently in school. **Excluding household heads that are elderly, disabled, or temporarily out of the workforce, 63% of assisted household heads reported working or attending school in 2011³⁰.** Thus these programs mostly serve the very poor who are unable to work due to age or disability, who are likely temporarily unemployed, or who are making investments in their job skills or families.

CHANGES IN RESIDENT DEMOGRAPHICS

As the need for subsidized housing continues to grow more quickly than the supply, the residents receiving assistance reflect an even more potentially vulnerable population than before the 2008 recession. **As seen in Figure 8, since 2007 the percentage of assisted households with disabled elderly, one adult headed households with children, and racial minorities has increased.** Families are also staying slightly longer in these programs on average. Since the recession, the average number of years since move-in for all federally assisted housing programs was 7.7 years, up from 6.4 years in 2007³¹.

Moreover, the percentage of assisted households headed by an elderly person is anticipated to significantly rise in the next decade and beyond. Nearly 6.5 million seniors are predicted to need rental housing assistance by 2030 compared to 3.9 million in 2011, which is an increase of 67%³². As poverty rises and rental housing becomes more costly and scarce, more families of all types will be in need of assistance. However, due to the scarcity of rental assistance, only a portion of the most vulnerable families may be served.

VALUE TO RESIDENTS

Rental assistance can offer more to residents than the dollar value of rent. It can serve as a springboard to opportunity and provide stability, which is a crucial foundation for positive life outcomes. This section explores the additional value that rental assistance provides to residents by comparing outcomes associated with individuals receiving housing assistance to those of their unassisted low-income peers.

IMPROVED STABILITY

Housing stability and its benefits are an added value to housing assistance recipients, particularly for families with children³³. Living in the same residence for consecutive years has been shown to decrease lifetime risks for depression and behavioral problems³⁴. In contrast, hypermobility can disrupt schools, peer-networks, and place added stress on families, which can lead to negative outcomes. Moving is often (though not always) associated with a school move³⁵. Students experiencing two or more school moves have an increased risk of poor academic performance, behavioral problems, dropping out, and grade retention³⁶.

Low-income families are more vulnerable to experiencing housing instability than higher-income families. Households with incomes below the poverty line were over two times more likely to have moved in 2013 than households with incomes above the poverty line³⁷. **As seen in Figure 9, housing subsidies have the potential to decrease instability. For renter households below the median income, only 17.4% of renter households receiving subsidies moved in the past year compared to 30.7% of households not receiving subsidies.** The additional stability provided by housing assistance can enable families to develop nurturing networks within their community and eliminate the emotional and financial stress associated with moving.

FIGURE 8:
CHANGES IN ASSISTED RESIDENT DEMOGRAPHICS 2007 TO 2013

The percentage of assisted households with disabled, elderly, and racial minorities has increased.

Above Age 62 with Disability



31% | 40%
2007 | 2013

One Adult Households with Children



30% | 35%
2007 | 2013

Two Adult Household with Children



12% | 4%
2007 | 2013

Minority Household Head



47% | 56%
2007 | 2013

PAHRC tabulation of POSH 2007 and 2013, includes all HUD programs.

FIGURE 9:
DIFFERENCES IN HOUSING STABILITY FOR LOW-INCOME RENTER HOUSEHOLDS IN 2013***

Assisted renter households are less likely to report moving in the past year.



Assisted Renters
17.4%

Unassisted Renters
30.7%

PAHRC tabulation of AHS 2013. Analysis only includes renter households earning below the area median income adjusted for family size using HUD Income Limits. Statistically significant:

* (P<.05) ** (P<.01) *** (P<.001).

4x

low-income families using HCVs were found to be four times less likely to have stayed at a shelter or on the streets compared to unassisted low-income families³⁹.

REDUCED LIKELIHOOD OF HOMELESSNESS

The ability to more readily remain housed is an added value of housing assistance. According to one study, low-income families using HCVs were found to be four times less likely to have stayed at a shelter or on the streets compared to unassisted low-income families³⁸. Without rental assistance, many low-income families could find themselves homeless due to sudden unemployment or other changes in life circumstances, or simply due to a decreasing number of affordable housing options. Indeed, 60% of city officials in the US Conference of Mayors' Task Force on Hunger and Homelessness reported that the lack of affordable housing was one of the three main causes of homelessness for families with children³⁹. Homelessness can cause negative health effects for those that experience it, such as increased risk for respiratory illnesses, malnutrition, and harmful weather exposure⁴⁰. Once housed, previously homeless families can better concentrate on improving their health and economic situations. In this way, rental assistance can play an important role in preventing homelessness and recovering from its effects.

IMPROVED ACCESS TO HIGHER QUALITY HOUSING UNITS

Access to higher quality units and better neighborhoods is another added value of receiving rental assistance. To reduce housing costs, low-income renters who stay within their price-range are more likely to sacrifice housing quality than low-income renters who stretch their budgets to afford better housing¹. This practice could increase health and safety risks for those living in inadequate housing. Factors related to poor housing quality, such as overcrowding, ventilation, dampness, and pests have been linked to the onset of respiratory illnesses and disease transmission⁴¹. Since housing assistance provides low-income families with the opportunity to live in better units than they could afford on their own and assisted housing properties undergo regular inspections, assisted families are likely to live in an higher quality units than their low-income counterparts. **Indeed when recent mover rental households below the median income were asked to rate their unit, assisted renter households were significantly more likely to rate their new unit as better than**

FIGURE 10: DIFFERENCES IN UNIT QUALITY FOR LOW-INCOME MOVERS

Assisted renters report moving to better quality housing and neighborhoods more often than their unassisted peers.



FIGURE 11: DIFFERENCES IN NEIGHBORHOOD QUALITY FOR LOW-INCOMEMOVERS

Assisted renters report moving to better quality housing and neighborhoods more often than their unassisted peers.



● Unassisted Renters ● Assisted Renters ■ Assisted Difference

PAHRC tabulation of AHS 2013. Analysis includes only renter households who moved in the past year and earn below the area median income and is adjusted for family size using HUD Income Limits. Statistically significant:

* (P<.05) ** (P<.01) *** (P<.001).

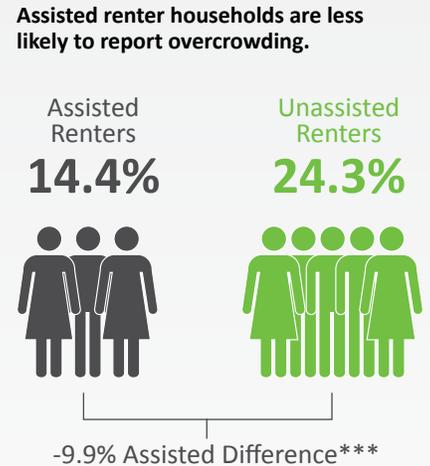
their old when compared to unassisted low-income renters, as seen in *Figure 10*. Likewise, they were significantly more likely to rate their new neighborhood as better than their unassisted counterparts, as seen in *Figure 11*.

Housing subsidies also allow residents to live in spaces that are safer and more accommodating for their family sizes and needs. As seen in *Figure 12*, compared to market rate renters also earning below the median income, assisted families were significantly less likely to experience overcrowding, defined as more than 1.5 people per bedroom. Families living in assisted housing units were also significantly more likely to note that their unit offers accessibility features, such as no-step entries and extra wide doors, in addition to safety features, such as sprinkler systems, smoke detectors, and carbon monoxide detectors, when compared to unassisted renters in low-cost units⁴². Thus a higher quality, safer living environment can be a valuable part of receiving assisted housing.

IMPROVED SAVINGS TO MAKE INVESTMENTS IN HEALTH, EDUCATION, AND RETIREMENT

An improved ability for assisted families to invest in their own and their children's future is an important value-added component of assisted housing. As seen in *Figure 13*, average housing expenditures account for nearly all of the average annual income of the lowest income quintile. To afford housing, these low-income families likely draw from their savings or accumulate debt to cover food, healthcare, education, and other expenditures. As a result, they have little money left to help improve their own or their children's circumstances. A recent survey by the McArthur Foundation found that almost three-quarters of cost burdened households reported making sacrifices such as cutting back on healthcare, accumulating credit card debt, or ending saving for retirement in the past three years⁴³. More than half of all households, regardless of income, reported making at least one of these sacrifices to afford housing.

FIGURE 12: DIFFERENCES IN OVERCROWDING FOR LOW-INCOME RENTER HOUSEHOLDS

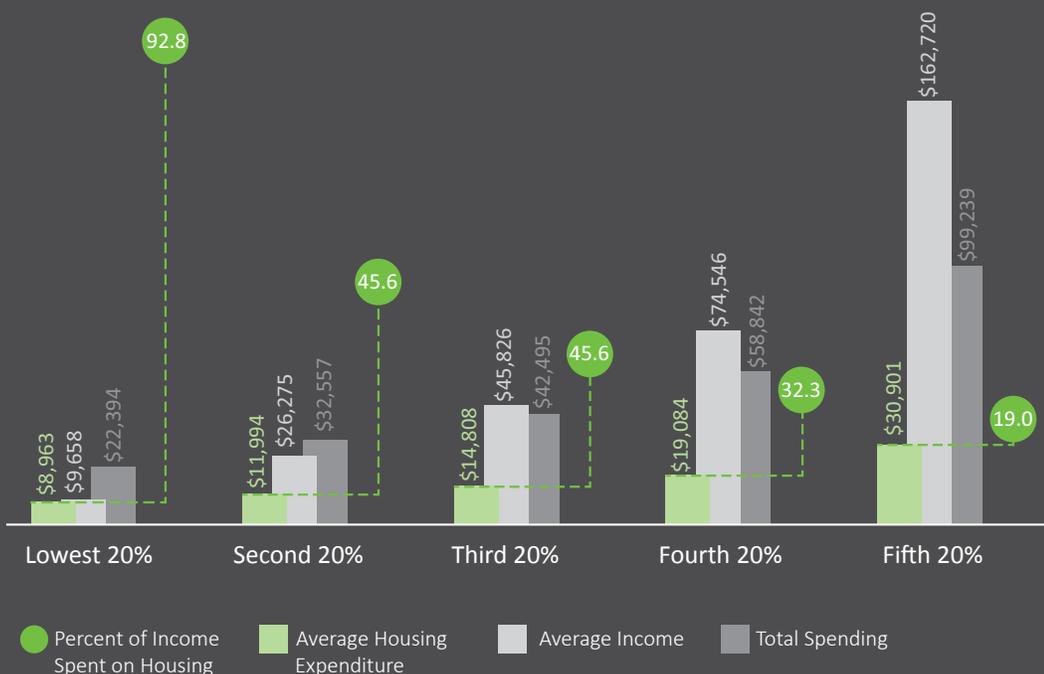


PAHRC tabulation of AHS 2013. Analysis only includes renter households earning below the area median income adjusted for family size using HUD Income Limits. Overcrowding is defined as more than 1.5 persons per bedroom. Statistically significant:

* (P<.05) ** (P<.01) *** (P<.001).

FIGURE 13: AVERAGE HOUSING EXPENDITURE BY INCOME QUINTILE

Average housing expenditures account for nearly all of the average annual income of the lowest income quintile.



PAHRC tabulation of Consumer Expenditure Survey (CES) 2013. Reported average income does not include debt and prior savings, so in many cases expenditures exceeded income. Includes renters and owners.

Housing assistance can reduce a family's housing cost burden, which allows them to reallocate the money previously needed to afford a decent home to improving their health, saving for their children's education, making labor market investments, or saving for a home.

Healthcare spending and retirement savings seem to be the items most foregone by low-income families. **For example, low-income families put only 1.6% of their total spending towards retirement in 2013, compared to the highest income bracket, which contributed 14.8% of yearly spending towards retirement⁴⁵.** Other studies find that cost burdened individuals are less likely than non-cost burdened individuals to report filling a prescription or following healthcare treatments due to cost issues⁴⁶ and that low-income cost burdened seniors spend significantly less on health care and food than their counterparts with more affordable housing⁴⁷. These spending patterns can have lasting effects on low-income households as they age and exacerbate health problems.

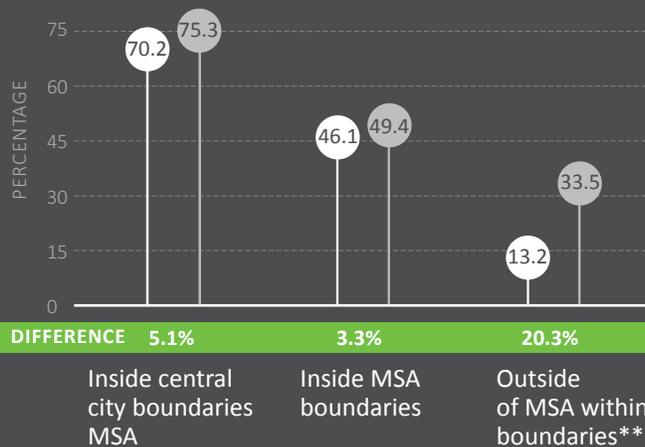
Housing assistance can reduce a family's housing cost burden, which allows them to reallocate the money previously needed to afford a decent home to improving their health, saving for their children's education, making labor market investments, or saving for a home. For example, housing savings resulting from assisted housing can improve children's outcomes by increasing the amount that families are able to invest in education enrichment, such as childcare, school resources, and musical instruments for their children⁴⁸. The ability to invest in education and savings positions families and especially their children toward upward economic and social mobility and can inhibit downward mobility associated with poor health or lack of savings⁴⁹.

INCREASED ACCESS TO PUBLIC TRANSPORTATION

An improved ability to access public transportation is an added value for rental assistance recipients. Finding transportation to jobs, schools, and amenities is a critical issue for low-income families, who may not have the funds to maintain personal modes of transportation and may not be able to afford to live in the neighborhoods in which they work. To improve accessibility for residents, many assisted housing properties are located in close proximity to public transportation, particularly those in Metropolitan Statistical Areas (MSA). **Moreover, as seen in Figure 14, families receiving housing subsidies outside of MSA boundaries are more often located less than a quarter mile from a transportation stop compared to unassisted low-income families living in similar areas.** At the same time, assisted renter households are significantly more likely to use public transportation compared to low-income unassisted renter households⁴².

FIGURE 14:
DIFFERENCES IN LOW-INCOME RENTER HOUSEHOLDS PROXIMITY TO PUBLIC TRANSPORTATION

Assisted households living outside of MSA boundaries are more likely to live less than ¼ mile away from public transportation than their unassisted peers.



PAHRC tabulation of AHS 2013. Analysis only includes renter households earning below the area median income adjusted for family size using HUD Income Limits. Statistically significant:

* (P<.05) ** (P<.01) *** (P<.001).

● Unassisted Renters ● Assisted Renters ■ Assisted Difference

As such, assisted households living in central cities and in rural areas were significantly more likely to report having access to health care facilities, retail outlets, and grocery stores through public transportation, compared to unassisted renters in the same income bracket⁴². Easier access to these outlets better situates families to find jobs and access essential services.

VALUE TO COMMUNITIES

Not only does assisted housing provide added value to its residents, it also plays an important role in the communities it serves. This section explores how access to rental assistance can strengthen the social fabric of communities by reducing homelessness and lowering spending on costly support systems, while also generating local economic activity and improving property values.

REDUCING HOMELESSNESS

Rental subsidies can ease the stress of a large homeless population on a community's resources⁵⁰. It is estimated that the addition of one permanent supportive housing unit (housing plus services) for every 10,000 individuals would result in a one percent reduction in the rate of chronic homelessness⁵¹. Many chronically homeless people have special needs, such as mental illness or addiction, that keep them from maintaining regular housing and necessitate ongoing use of supportive services to help move them towards stability⁵². Housing providers are working on new models that provide long-term rental assistance to previously homeless individuals with special needs as they address these issues. For example, Bud Clark Commons, managed by Home Forward in Portland, Oregon, offers a day service center, temporary shelters, and subsidized apartments targeted for homeless individuals in the community. Bud Clark Commons has effectively provided stability for the formerly homeless residents in their 130 permanent supportive housing units, boasting a resident retention rate of over 80%⁵³.

The receipt of housing assistance is also a critical resource for veterans experiencing homelessness, like Sheila (right). For example, 77% of previously unstably housed or homeless veterans exiting the Veterans Homelessness Prevention Demonstration Program remained stably housed after one year⁵⁴. Veterans Affairs Supportive Housing (VASH) vouchers serve nearly 70,000 households and provide a mix of housing and supportive services to help stabilize veterans and their families⁵⁵. In this way, assisted housing providers are valuable partners in helping to reduce homelessness in communities.

REDUCING COSTS OF OTHER SUPPORTS

Rental subsidies can provide an affordable strategy for moving those experiencing homelessness to a more stable housing environment than the use of temporary housing. An examination of the costs accrued by homeless shelters in seven different cities serving those experiencing homelessness for the first time found that the average cost to provide temporary housing and programming to homeless populations was higher than the Fair Market Rent (FMR) in six out of seven cities⁵⁶. Thus while homeless services are critical resources, long-term use of temporary housing solutions can be costly.

Providing longer-term housing assistance, especially for homeless individuals, can also reduce costs to other public systems. For example, homeless individuals are sometimes temporarily housed in hospitals or jails and may enter a costly cycle of homelessness and incarceration or emergency room use without housing assistance intervention. The 'housing first' model created with these issues in mind has been shown by numerous studies to result in significant cost savings to the community. For example, a study of permanent supportive housing in Virginia, which

"I enlisted in the US Army Reserve in October 14, 1986. Then in 2003 when the war was starting, we got an activation. I was mobilized as an US Army Reservist. Upon completion of my two years there, I went to Hattiesburg, Mississippi. Unfortunately, that's where hurricane Katrina hit. After the hurricane, we had an option to have a safe haven to stay in Hattiesburg, Mississippi or come back to your home of record.

When I came back home, unfortunately, we had to reside in Motel 6 for nine months. Then I read an article in the newspaper about how they were giving out vouchers for Section 8 recipients to choose a home. I put my pride down, waited in that long line, and received my voucher because I thought I needed to do what was in the best interest of my family. At that time, I met the Mayor of Fort Peirce, Linda Hudson. And from then on, I would have coffee with her every month. In just a couple of months, I got a call from her asking me to sit on the Housing Commissioners Board at the Fort Pierce Housing Authority. As a Commissioner, I'm here to make a difference and to mentor and stand up for men and women. Regarding the stereotypes that are out there for everyone that's living in [assisted] housing, I didn't live in poverty. I didn't come from a low-income family. I came from an educated family. So knowing that this happened to me, it can happen to anyone. Don't be ashamed. You don't have to become part of the system. Let the system work for you." [Sheila has since moved out of public housing and continues to be a Commissioner on the board of the Housing Authority of the City of Fort Pierce.]



SHEILA BRADLEY
Staff Sergeant, US Army Reserve and
Commissioner of the Housing Authority
of the City of Fort Pierce (former resident)

provides housing enriched with services to vulnerable homeless individuals and families, was shown to result in \$1,348 in cost savings per person due to reduced emergency room costs and incarcerations⁵⁷. Thus the existence of assisted rental housing, particularly programs targeted to stabilize those experiencing homelessness, could reduce public spending on medical care and the correctional system.

GENERATING ECONOMIC ACTIVITY

In addition to the cost savings from homelessness alleviation, the development of affordable housing has positive long and short term effects on the local economy. A study from Econsult in 2010 estimated that every dollar of PHA spending on capital and maintenance of public housing, adds \$2.12 of indirect and induced economic activity⁵⁸. Further, the National Association of Home Builders estimates that local economies gain approximately \$7.9 million in local income, 122 local jobs, and \$827,000 in taxes and other revenue for local governments from the direct building costs associated with constructing 100 LIHTC family-designated units⁵⁹.

NORFOLK REDEVELOPMENT AND HOUSING AUTHORITY IN VIRGINIA IMPROVED THE BRAMBLETON NEIGHBORHOOD BY INVESTING IN INFRASTRUCTURE UPGRADES AND PREPARING LOTS AND ARCHITECTURAL PLANS FOR DEVELOPMENT ENCOURAGING DEVELOPERS TO REVITALIZE HOMES IN THE COMMUNITY.

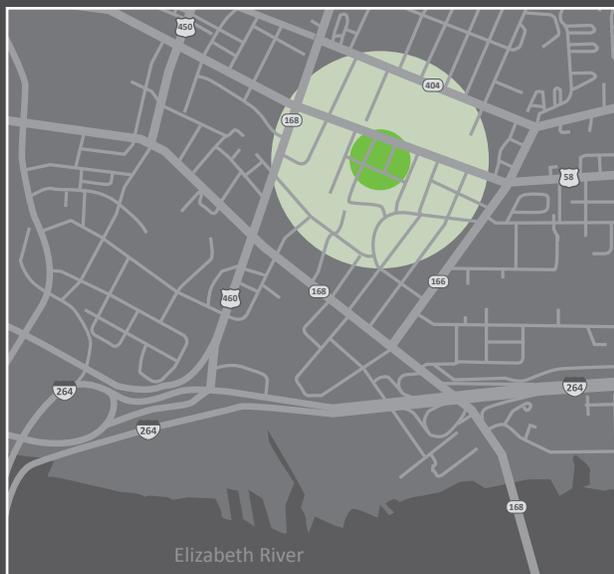


435
jobs generated.

\$55

million in direct and indirect economic impacts & reduced crime.

420%
increase in land values⁶⁰.



Photos courtesy of Norfolk Redevelopment and Housing Authority

Many housing authorities also contribute significantly to real estate development in their communities, sometimes revitalizing entire neighborhoods. For example, the Norfolk Redevelopment and Housing Authority in Virginia helped revitalize the Brambleton neighborhood by acquiring and demolishing dilapidated buildings and improving the neighborhood infrastructure to encourage the development and rehabilitation of homes in the community. This resulted in the generation of 435 jobs, \$55 million in direct and indirect economic impacts, reductions in crime, and a 420% increase in land values (on previous page)⁶⁰. In these ways, assisted housing providers are important local employers and community developers bringing added value to the community.

IMPROVING PROPERTY VALUES

The construction and rehabilitation of affordable housing can also improve property values in struggling neighborhoods. For example, property values for homes near Project HOME sites in Philadelphia, Pennsylvania rose more per year than the citywide average. These sites include transitional housing, permanent housing, affordable housing, outreach programs, and education centers⁶¹. Another study showed that neighborhoods surrounding distressed public housing receiving HOPE VI redevelopment funds experienced significant increases in residential property values and decreases in violent crime. One of the four neighborhoods included in the study experienced an aggregate property value increase of \$107 million dollars in the surrounding area of the HOPE VI redevelopment⁶². Ensuring that public and affordable housing receives adequate funding for maintenance is essential to securing these economic benefits. Thus in many cases, well maintained affordable housing developments can help raise property values in communities.

Bud Clark Commons, managed by Home Forward in Portland, Oregon, offers a day service center, temporary shelters, and subsidized apartments targeted for homeless individuals in the community.



Photos courtesy of www.homeforward.org

CONCLUSION

There is a growing shortage of affordable rental housing in the US for low-income families. As such, many experience homelessness or choose to make sacrifices to afford a decent home, such as living in inadequate housing. Each of these choices can have long lasting negative effects on families and their children such as poor health, deepening poverty, or lowered educational attainment and limited career paths. Rental assistance provides a positive option that can also serve as a catalyst to improve the lives of families who receive it. Households receiving rental assistance have greater stability, are less likely to experience homelessness, and live in higher quality units less likely to pose health and safety risks than unassisted low-income renters. Assisted renters are also better positioned to invest in their futures through savings and have better access to jobs and amenities through public transportation.

However, there is not enough rental assistance to meet the growing need for affordable housing, as the number of households in poverty is rising more quickly than the supply of federally assisted rental properties or vouchers. Currently, rental assistance is only able to help the most vulnerable families, especially those with children, elderly, and disabled family members. If these trends continue, fewer and fewer low-income families will be able to access the benefits that a stable affordable home provides.

Thus it is critical that expanding and adequately funding rental assistance programs be a policy priority. Rental assistance not only provides a cost-effective way to lift families and children out of poverty, but also improves communities through economic development and revitalization and reduces costs to other publically funded systems. The value of rental assistance is much more than the cost of rent. It is in the stability of a home that allows families to achieve improved outcomes. It is in a community of adequately housed people that can better contribute to the social fabric of a place. It is people like Antonia, Joanie, and the residents of Brambleton who now have hope for a better future.

ABOUT PUBLIC AND AFFORDABLE HOUSING RESEARCH CORPORATION

The Public and Affordable Housing Research Corporation (PAHRC) is a nonprofit organization that was incorporated in Connecticut in March 2011. Its Mission is to provide independent research and relevant data to support the efforts of the public and affordable housing industry and its stakeholders. Its Vision is to be a central hub for current data and research on public and affordable housing.

PAHRC engages in collaborative research with a number of industry group partners to provide current information about important public and affordable housing issues. In addition to research, PAHRC compiles data relevant to affordable housing issues from a wide variety of primary and secondary sources in order to make this data available to affordable housing industry members as well as the general public.

PAHRC is a part of HAI Group, which is a family of companies that serves the public and affordable housing community with special, niche insurance programs as well as other value-added products and services. A recognized leader and expert in the public and affordable housing industry, HAI Group is dedicated to providing reliable insurance, research, training, and software solutions.



For more information on the findings contained in this report or to learn more about PAHRC, please visit our website at www.pahrc.org.

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For more information about the importance of assisted housing and affordable housing policy please visit our partner's sites.



www.housingcenter.com



www.rethinkhousing.org



www.clpha.org



www.nahro.org



www.phada.org

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- ⁸ A unit was considered 'assisted' if the resident noted the household received a government subsidy to pay the rent, lived in a PHA-owned building, or received a voucher or certificate to help pay the rent. Thus assisted units likely cover deeply assisted programs such as public housing and the HCV program and may not include units with affordability restrictions, such as LIHTC, HOME, or FHA insured units, not already paired with a deep subsidy and consequently, may undercount total assisted units.
- ⁹ Affordability was determined by counting the number of non-subsidized, occupied rental units with gross yearly rents less than 30% of each area minimum HUD income limit. It does not measure unit availability, which would exclude affordable rental units that are rented by households in higher income brackets.
- ¹⁰ Section 3 of the US Housing Act of 1937.
- ¹¹ Estimates are conservative because they use the minimum HUD area income limit found in each AHS geography for each income category. AHS geographies do not perfectly match current geographies causing multiple data points in some areas.
- ¹² Assumes that renter households earning below 50% of the area median income likely qualify for housing assistance.
- ¹³ PAHRC tabulation of [Paycheck to Paycheck Database](#) 2014.
- ¹⁴ Estimate based on PHA Homeless Preferences Survey with 80% of housing authorities reporting. Housing authorities reporting wait lists over 30,000 were cross checked with their annual report to ensure validity. An HCV waiting list count provided by Massachusetts NAHRO was used to represent all 92 Massachusetts agencies participating in their centralized waiting list.
- ¹⁵ Ratio determined by dividing total households waiting on the respective waiting list to the number of public housing units and HCV vouchers in 2012. [Picture of Subsidized Households](#) 2012.
- ¹⁶ National Low Income Housing Coalition. (2004). "A Look at Waiting Lists: What Can We Learn from the HUD Approved Annual Plan."
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- | | Units |
|--|-----------|
| Physical Assisted Housing Units (NHPD) | 5,106,013 |
| Tenant Based Vouchers (VMS) | 2,016,602 |
| Total | 7,122,615 |
- All properties receiving non-affordable FHA subsidies were excluded.
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