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HOUSING CHOICE VOUCHERS: STABILIZING LIVES AND STRENGTHENING MAINE'S ECONOMY

by Dan Coyne, Esq., and Robyn Merrill, Esq.

Without a housing choice voucher, Jake Elser would likely still be homeless and jobless. Instead, he holds a steady job, is going to school, and has a place to call home.¹ For people like Jake, the Housing Choice Voucher Program is a cost effective, successful federal program. The Voucher Program helps families with very low incomes, the elderly, and the disabled afford decent, safe rental housing in the private market.

Vouchers benefit individuals, families, communities, and the economy. Mary-Anne Martell, a former voucher holder, was able to earn an advanced degree thanks to the stability the voucher provided. That one voucher has had a ripple effect in her community and the local economy: after Mary-Anne bought the house she initially rented with her voucher, she went on to become a successful businesswoman who now employs five people.

Unfortunately, the demand for vouchers far exceeds the supply. Lyn Grotke, a hard-working mother of four, has been on the waiting list for a voucher for two years and expects to be on the list for at least another two. Lyn is not alone. Nearly 12,800 Maine families are currently on the voucher waiting list, with an average wait time of more than two years. Still more Mainers need a voucher but cannot even get on a waiting list because almost half are closed.

To meet the pressing need for affordable housing, to stabilize lives, and to strengthen Maine's economy, Congress must make vouchers more widely available.

What Is the Housing Choice Voucher Program?

The Housing Choice Voucher Program ("Voucher Program") is the nation's largest rental housing assistance



Jake Elser © Pull-Start Pictures

The Voucher Program is a proven success. It assists low-income families, the elderly, and the disabled in securing safe housing in the private market. These families experience increased economic security while small businesses benefit as well.

program.² Administered jointly by the U.S. Department of Housing and Urban Development (HUD) and some 2,400 state and local housing agencies, the Voucher Program has enjoyed solid bipartisan support in Congress throughout its more than thirty-year history — in large part because the program operates as a flexible and cost-effective public-private partnership.

“[The Voucher Program] ... has been recognized as a cost-effective means for delivering decent, safe, and sanitary housing to low-income families.” [Fiscal Year 2008 Bush Administration Budget Documents]

Households using vouchers are responsible for meeting a portion of the rent and utility obligations, in an amount usually equal to 30% of their income. The housing voucher covers the remainder of the cost, up to a reasonable limit determined by HUD and the local housing agency.

I think the Program is an excellent program. It helps tenants who may have difficulty paying high rents to get good housing and it brings money from outside of the community, mostly the federal government, into the community for landlords, for tenants, for the economy at large. [Carleton Winslow, Landlord]

The Voucher Program currently assists two million low-income households nationwide, including about 12,200 in Maine. A Maine Affordable Housing Coalition (MAHC) Summer 2010 Survey shows that approximately 96% of Maine households using vouchers are families with children, individuals with disabilities under age 62, and seniors. Because of funding limitations, however, only about one in four households eligible for housing vouchers receives federal rental assistance of any kind.

Why Is the Voucher Program Needed?

Over the past three decades, incomes of poorer families have not kept pace with the rising costs of rental housing — and the gap has widened in recent years. Since 2000, rental housing costs have increased approximately 37%, on average, while incomes for lower-income families have risen only about 14% (see attached graph).

As a result, rental housing has become increasingly unaffordable for growing numbers of low-income renters. Under federal standards, housing is unaffordable if costs exceed 30 percent of income. Nationally, 5.6 million households with incomes below the poverty level paid at least half their income for basic rent and utilities in 2009, an increase of 45 percent, or 1.7 million households, since 2001.³

In Maine, housing costs are also disproportionately draining household budgets for low-income families, leaving little income for other basic necessities:

- The Fair Market Rent (FMR) for a two-bedroom apartment in Maine is currently \$834. At the same time, a minimum wage worker in Maine earns an hourly wage of \$7.50. Thus, in order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 86 hours per week, 52 weeks per year.⁴
- Between 2005 and 2007, 69% of renters in Maine whose household income was 30% or less of area median income had a housing problem. During that period, 19,000 Mainers with incomes 30% or less of the area median income had a rent burden that exceeded 50% of their household income.⁵
- Between the years of 2005 and 2007, there were only 48 standard, affordable, and available units per 100 renter households with extremely low-incomes in Maine.⁶

Consequently, many Mainers face economic instability and homelessness. Indeed, high levels of homelessness have been a persistent and prevalent problem — one that has worsened as a result of the Great Recession. According to HUD, 1.6 million people lived in a homeless shelter for at least part of the year in 2009.⁷ In Maine, more than 7,000 people rely on emergency shelters each year.⁸

Families with children have been hit particularly hard during the recession. Of the 1.6 million people who were homeless in 2009, 325,000 were children, an increase of 12 percent since 2007. From 2007 to 2009, the number of sheltered homeless families with children has increased. In addition, more families are “doubling up” by staying with families and friends before entering a shelter; this number has increased steadily over the three-year period, from 24.2 percent in 2007 to 29.4 percent in 2009.⁹

Twenty years ago I was fortunate enough to wind up with a Housing Voucher. It provided me and my children the stability of allowing me to go back to school[.]. . . And it's enabled me to not only take care of [my children] but take care of myself, take care of my employees, have a law firm, and do what I'm doing right now. [Mary-Anne Martell, successful small businesswoman and former voucher holder]

The Impact of Housing Vouchers

Affordable housing promotes stability for families, which improves children's performance in school and increases high school completion rates.¹⁰ Housing vouchers can also help families move to neighborhoods that are safer and offer more job opportunities.¹¹

To see Jake now stable in a home, stable on good medications with great doctors, stable in a job; he feels so much better about himself having a job and looking forward to getting an education now—is just such a relief. It is such an enormous relief. [Tamara Elser, mother of voucher recipient]

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Because housing vouchers are so effective at preventing homelessness, they can also reduce the costs associated with assisting families through high-cost homelessness programs. A national study from March 2010 concluded that “[i]n almost all cases, the costs associated with providing housing for individuals and families who are homeless within a [transitional housing or shelter] program exceeds the Fair Market Rent cost of providing rental assistance without supportive services.”¹²

Finally, rental assistance such as housing vouchers supports local economies as well. For example, housing vouchers free up family resources that are often used immediately to meet other basic needs, such as for food, clothing, and medical care. Such spending can provide an important boost when the economy is weak.

Yet housing vouchers also support the local housing market and can help to stabilize neighborhoods weakened by foreclosures or an economic downturn. Maine received \$76.4 million in 2009 through the Voucher Program.¹³ This is money that directly enters the local and state economies through payments to private landlords, many of whom are small business owners with moderate incomes. Voucher assistance payments help local landlords to maintain their properties in good condition and to pay their property taxes, thereby preventing deterioration and blight.

Despite all these societal and individual benefits, most low-income families in need of rental assistance are unable to obtain a voucher because of program funding limitations. Indeed, the data from waiting lists demonstrates that the demand for vouchers far exceeds the supply. A Summer 2010 MAHC survey indicates that 12,221 vouchers are in use in Maine. However, 12,795 families are on waiting lists, with an average expected wait time of 26 months to receive assistance (see attached table).

Wait times would be higher but for the fact that more than a third of housing authorities have closed their wait lists from accepting new families. Taking the survey's wait list as a benchmark the Voucher Program is not able to meet even 50% of the identified need in Maine.

How Can More Families Benefit from Vouchers?

The Need for Additional Vouchers

We need more Vouchers. When we have 900 folks on our waiting list and you know if they're lucky they may only have a three-year wait. . . . That's a long time for somebody to be waiting for housing. [John Gallagher, Executive Director, Westbrook Housing Authority]

The persistent gap between what housing costs and what families with low incomes can afford to pay is the most fundamental challenge in today's housing market. Closing that gap is the key objective of federal low-income housing programs. Yet, despite the fact that more families with low incomes endure excessive housing costs than receive federal assistance, federal housing assistance is declining.

Authorizing additional vouchers is a cost-effective and appropriate way to narrow the gap. Congress first authorized and appropriated funds for vouchers in 1976. From 1976 to 2001, the federal government annually provided housing vouchers to 65,000 new families nationwide not previously receiving housing assistance. Over the last decade, however, the picture changed dramatically. Since 2001, that support has fallen to less than 7,000 new families per year.¹⁴

In February 2010, the President submitted his detailed budget for federal Fiscal Year 2011, requesting \$17.1 billion to renew vouchers in 2011, an increase of \$875 million above the 2010 funding level. According to estimates by the Center on Budget and Policy Priorities, this

amount, however, is likely to be just enough to renew all vouchers in use this year without providing for new ones.¹⁵

Congress should reestablish its commitment to rental assistance to more families with low incomes by funding a significant number of new housing vouchers. The Voucher Program has proven its effectiveness; yet, because of budget limitations only one in four households eligible for vouchers receives any form of federal housing assistance.¹⁶ Simply sustaining the vouchers currently in use will not go far enough. It will not help the many individuals and families that remain on waiting lists or those who are unable to even get their names placed onto waiting lists.

In response to this pressing need, budgetary commitment to the Voucher Program from the federal government needs to shift to the forefront. One possible solution lies in common sense changes to the poorly targeted and costly mortgage interest deduction, which could easily offset the cost of new rental housing vouchers.

The Section 8 Voucher Reform Act (SEVRA)

Administrative improvements to the Voucher Program will also increase affordable housing for low-income individuals and families. Passage of the Section 8 Voucher Reform Act (SEVRA) would provide significant reforms that include streamlining program requirements and establishing a stable and more cost-effective funding formula. In addition, SEVRA would reduce administrative burdens for housing agencies and private owners. As a result, housing agencies would be able to assist more families with existing funds.¹⁷ Indeed, SEVRA policies would enable agencies to assist an additional 25,000-40,000 families at no additional cost in the first year.¹⁸ Congress should pass SEVRA at the first opportunity.

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Conclusion

The federal government is uniquely positioned to assist the growing number of Americans struggling to find affordable housing, whether through homeownership or renting. Incomes, especially for families with low incomes, are lagging behind housing costs, creating a growing problem that threatens to undermine livelihoods, employment prospects, educational achievement, health care coverage, and other necessities of life.

The Voucher Program is a proven success. It assists low-income families, the elderly, and the disabled in securing safe housing in the private market. Because of vouchers, these families experience increased economic security. Others benefit as well. Small businesses benefit, from landlords who can fill vacancies and receive rent, to local employers whose employees are more economically secure and thus more productive, to the local economy when voucher recipients use their freed-up resources to purchase goods to feed or clothe their families.

Unfortunately, the demand for vouchers far exceeds the supply. Despite legitimate concerns about long-term deficits and debt, Congress and the President must increase the number of vouchers in the coming

years while also passing SEVRA. Both will have positive economic and social impacts throughout the country, including Maine.

Right when I got that Voucher, everything in my life started to turn around. I'm not saying it saved my life. I'm not saying the Voucher itself was everything I ever needed, but it definitely put me in the position and made things a lot easier for me to become a productive person in society.
[Jake Elser, current voucher recipient]

About the Authors

Dan Coyne and Robyn Merrill are policy analysts with the Maine Center for Economic Policy and Maine Equal Justice Partners, respectively.

Endnotes

- 1 This report is published in conjunction with the release of "Along the Way Home," a short film documenting the journey of several Maine families who have received a housing voucher or are waiting for one. To view the film, visit www.alongthewayhome.org.
- 2 Unless otherwise noted, reference "An Overview of Federal Support for Housing" published by Congressional Budget Office (CBO): <http://www.cbo.gov/ftpdocs/105xx/doc10525/11-03-HousingPrograms.pdf>, and "Introduction to the Housing Voucher Program" published by Center on Budget and Policy Priorities (CBPP): <http://www.cbpp.org/files/5-15-09hous.pdf> for more details.
- 3 U.S. Bureau of the Census, as reported in <http://www.offthechartsblog.org/housing-affordability-problems-worsening-for-poor-renters/>.

- 4 National Low Income Housing Coalition (NLIHC) Out of Reach Index: <http://www.nlihc.org/oor/oor2010/data.cfm?getstate=on&getcounty=on&county=all&state=ME>.
- 5 NLIHC tabulation of HUD's 2009 Comprehensive Housing Affordability Strategy (CHAS) data.
- 6 NLIHC State Gap Analysis from CHAS 2005-2007 data.
- 7, 9 HUD, The 2009 Annual Homeless Assessment Report to Congress: <http://www.hudhre.info/documents/5thHomelessAssessmentReport.pdf>.
- 8 Maine Homeless Management Information System, 2010.
- 10 Douglas Rice, "Additional Housing Vouchers Needed to Stem Increase in Homelessness," (CBPP, April 2009), <http://www.cbpp.org/files/4-16-09hous.pdf>.
- 11 Margery Austin Turner and Susan J. Popkin, "Why Housing Choice and Mobility Matter," (Urban Institute, 2010); <http://www.urban.org/UploadedPDF/901374-why-choice.pdf>.
- 12 "Costs Associated with First-Time Homelessness for Families and Individuals" (emphasis in original) http://www.huduser.org/publications/pdf/Costs_Homeless.pdf. See also Jill Khadduri, "Housing Vouchers Are Critical for Ending Family Homelessness," (Homelessness Research Institute, 2008); <http://www.endhomelessness.org/content/article/detail/1875>.
- 13 Analytical Perspectives, Budget of the United States Government, Fiscal Year 2011 (Table 17-36) (<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/topics.pdf>).
- 14 Edgar O. Olsen, "Housing Programs for Low-Income Households" (National Bureau of Economic Research Working Paper #8208, 2001) and CBPP analysis of HUD data.
- 15, 16 Douglas Rice, "President's Budget Would Strengthen Housing Voucher Program Yet Need for Rental Assistance Will Continue to Far Exceed Capacity of Federal Programs," (CBPP, April 2010), <http://www.cbpp.org/files/4-6-10hous.pdf>.
- 17 Will Fischer, "Housing Voucher Reform Bill Would Update and Streamline Program," (Center on Budget and Policy Priorities, 2009): <http://www.cbpp.org/cms/index.cfm?fa=view&id=2929>.
- 18 CBPP estimate based on HUD data available as of January 2010.



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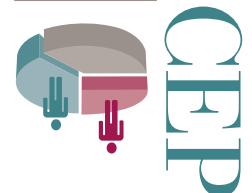
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