

HOUSE BILL COULD INCREASE RENTS FOR NEARLY 500,000 OF THE NATION'S POOREST HOUSEHOLDS

- The version of the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA) that could be considered by the House Financial Services Committee as early as the week of April 16th would require housing agencies and owners to charge HUD-assisted families with little or no income \$69.45 a month in rent, and more in future years based on inflation. The Administration's budget proposed an increase to \$75, making it very unlikely that an increase can be prevented in authorizing legislation.
- Raising minimum rents to \$69.45 could expose about 500,000 of the poorest recipients of housing assistance to serious added hardship and even homelessness. Under current law, agencies may (but are not required to) set a minimum rent of up to \$50 per month for households in the public housing and housing voucher programs. HUD has established a minimum rent of \$25 for households in project-based section 8 units.
- A \$69.45 minimum rent would force the hundreds of agencies that have opted to set minimum rents *below* the current limit to raise their rents. A 2010 HUD-sponsored study found that 26 percent of agencies surveyed had set minimum rents below the \$50 limit. A \$69.45 minimum rent would force agencies that have chosen to set the minimum rent below \$50 to raise rents on about 94,000 families, more than a third of the affected families in the voucher and public housing programs.
- The Committee's rationale for increasing the minimum rent is the inflation in rental costs since 1998, when Congress last considered the rent cap. It is true that *rents* have gone up since the late 1990s. But the incomes of extremely poor families generally do *not* rise with inflation in rents or prices generally. A recent study by leading poverty researchers finds that the number of U.S. families with children living below the World Bank standard for serious poverty in developing countries — income of less than \$2 per person per day — has more than doubled since the mid-1990s, roughly the same period that the \$50 minimum rent policy has been in place.
- The 500,000 households that could face rent increases under a mandatory \$69.45 minimum rent include:
 - **700,000 minor children.** Two-thirds of the at-risk households are families with children. Most of the at-risk families have *pre-school* children, who likely are even more vulnerable than older children to the deprivation that increased rents may cause.
 - **More than 120,000 non-disabled childless adults under age 62.** Many of these are formerly homeless individuals who would be at risk of becoming homeless again. Some have very low earnings, and only about one in 10 receive income from public assistance.
 - **40,000 elderly or disabled households.** Many of these households are headed by a non-disabled person who is between 62 and 65 years old and thus not yet eligible for SSI. Others are headed by a person HUD considers disabled but who has not been approved for SSI benefits. The second group of households should qualify for a hardship exemption under current law, but available data indicate that such determinations are not reliably made.

- HUD’s “hardship” exemption policy does not protect families facing these higher minimum rents from hardship. While housing agencies and assisted owners are required to provide hardship exemptions in certain situations, a 2010 HUD-sponsored study found that exemptions are rarely granted. Among agencies that had adopted minimum rents above zero, 82 percent granted exemptions to less than 1 percent of families subject to the minimum rent, and only 5 percent of agencies said they exempted more than 10 percent of families. HUD data indicate that about 4 percent of households potentially subject to the current minimum rent received a hardship exemption, despite these families’ deep poverty.
- AHSSIA would require HUD to certify that it is enforcing the exemption requirement, but that is not sufficient. The current policy only covers families facing hardship due to certain types of circumstances; it does not systematically protect families against eviction if they are unable to pay the minimum rent.
- AHSSIA does not provide housing agencies with the discretion to set a minimum rent below the legislation’s level of \$69.45. This is a reversal of current law. Legislation should continue to allow housing agencies discretion to set a lower rent based on local circumstances.