

Federal Rental Assistance

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What Is Federal Rental Assistance?

Federal rental assistance enables 5 million low-income households to afford modest homes. Three major programs — Housing Choice Vouchers, Section 8 Project-based Rental Assistance, and Public Housing — assist about 90 percent of these households.

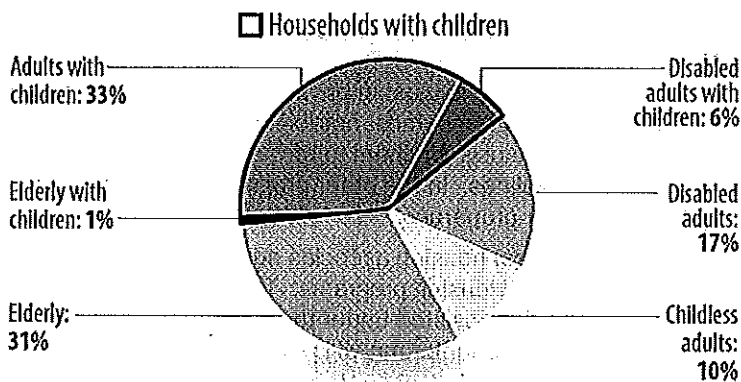
Other programs serve households with special needs, including the “202” and “811” Supportive Housing Programs for the Elderly and for People with Disabilities; Housing Opportunities for People with AIDS/HIV (HOPWA); and McKinney-Vento permanent housing programs for the homeless.

In addition, the Department of Agriculture (USDA) provides rental assistance for two-thirds of the units in properties it helps fund, and there are several small programs — the Rent Supplement and Rental Assistance (RAP) programs — that will end when remaining assistance contracts expire. For detailed, state-by-state data on most rental assistance programs see the National and State Housing Data Fact Sheets.

The Department of Housing and Urban Development (HUD) oversees all federal rental assistance except the USDA Section 521 Rural Rental Assistance program.

Other federal programs provide grants, tax credits, or reduced-interest loans to build or rehabilitate rental housing. But, without rental assistance, such programs generally do not make units affordable to poor families.

Who Is Helped by Federal Rental Assistance?



Note: Childless adults are households headed by a person under 62 without disabilities, and without children in the home. Disabled adults are younger than 62. Includes data on the following programs: Housing Choice Vouchers, Public Housing, Section 8 Project-based Rental Assistance (including Moderate Rehabilitation), Supportive Housing for the Elderly and People with Disabilities (202/811), Rent Supplement, Rental Assistance Program, and USDA Section 521 Rental Assistance.

Sources: CBPP tabulation of 2010 and 2011 HUD administrative data; and USDA April 2012 data, <http://ruralhome.org/storage/documents/usdadocs/occupancymh2012.pdf>.

Policy Basics is a series of brief background reports on issues related to budgets, taxes, and government assistance programs.

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Who Is Helped by Federal Rental Assistance?

Federal rental assistance makes housing affordable for more than 10 million people, including 4 million children.

In 2010, 88 percent of households in the HUD-assisted programs were elderly, had disabilities, worked, had recently worked, or likely were subject to work requirements through another program.

Who Is Eligible?

A household must be “low-income” — meaning that its income may not exceed 80 percent of the local median income — in order to begin receiving federal rental assistance. Some programs limit initial eligibility to households at or below 50 percent of the local median.

The main rental assistance programs also require that a share of new households admitted have “extremely low” incomes, meaning that their income may not exceed 30 percent of the local median. (Nationally, on average, this limit is roughly equivalent to the poverty line.) Seventy percent of assisted households are extremely low-income.

Some programs are limited to particular types of households, such as those who are elderly, have disabilities, or are formerly homeless.

Because of funding limitations, only one out of four low-income renter households receives federal rental assistance, and the number of unassisted renter households with “worst case” housing needs rose by more than 40 percent between 2007 and 2011. (HUD defines these households as renters with incomes at or below half of the area median income that do not receive rental assistance and pay more than half their income for housing, live in severely substandard housing, or both.) There are long waits for housing assistance in most of the country.

How Much Do Assisted Families Pay for Housing?

Most households pay 30 percent of their income (after certain deductions are taken out) for rent and utilities. The major programs usually require a minimum rent of \$25 - \$50 per month, even if this amount exceeds 30 percent of family income.

What Role Does the Private Market Play?

Most federal rental assistance is used in privately owned properties. In some rental assistance programs (most notably the Housing Choice Voucher program), families use vouchers to rent any private apartment that meets program guidelines. In the other programs, rental assistance is “attached” to particular properties.

Nearly 4,000 state and local housing agencies administer the Housing Choice Voucher and Public Housing programs. The public agencies and private owners of properties assisted under the other programs manage the waiting lists, select the tenants that will receive rental assistance, and determine families’ monthly rent contributions in accordance with federal rules.

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Where Do Families with Federal Rental Assistance Live?

Housing Choice Vouchers and properties with federal rental assistance are located in most communities throughout the United States and the territories. (See the [National and State Housing Data Fact Sheets](#) for particular states.)

While most rental assistance is in metropolitan areas, 14 percent of HUD-assisted units, and a large share of the USDA-assisted units, are in rural areas.

How Is Federal Rental Assistance Funded?

Congress funds rental assistance through annual appropriations. In recent years, Congress has funded a modest increase in the number of households served by Housing Choice Vouchers and several smaller programs aimed primarily at the elderly and people with disabilities. These gains, however, largely have been offset by a loss of units through other programs (for example, demolition of public housing or termination of project-based rental assistance because the owner chose to end participation).

The federal government spends 2.8 times as much on tax subsidies for homeownership — more than half of which benefits households with incomes above \$100,000 — as on rental assistance.

How Does Federal Rental Assistance Help Recipients?

Federal rental assistance helps families to afford decent quality, uncrowded housing and avoid homelessness or other kinds of housing instability. By limiting housing costs, it also leaves families with more resources for work-related expenses like child care and transportation, as well as basic needs like food and medicine.

For frail seniors and people with disabilities, federal rental assistance programs often provide services as well as affordable units, enabling them to remain in their home communities and avoid or delay moving into nursing homes or other institutions that are much more costly (for state and federal governments as well as families).

Also, when assistance enables families to live in low-poverty neighborhoods, it can provide access to strong schools and more job opportunities and has been shown to lead to better health outcomes.