

# PROPOSED BILL WOULD SIGNIFICANTLY REDUCE THE EFFECTIVENESS OF THE NATION'S RENTAL ASSISTANCE PROGRAMS

**R**epresentative Dennis Ross (R-FL) has released a draft bill that would cut housing benefits that help low income families afford to keep a roof over their head. The bill could increase rents on millions of low income families who receive housing benefits. If enacted, this would leave even more low income people—including seniors, people with disabilities, veterans, children, and other vulnerable populations—without a stable home, making it harder for them to climb the economic ladder and live with dignity. This could lead to increased evictions, and in worst cases, homelessness.

Congress should reject this harmful proposal, insist that HUD speedily implement the streamlining of rent policies unanimously passed by the House in 2016, and enact proven solutions to help struggling families earn more and get ahead. This starts with expanding—not slashing—investments in affordable homes, job training, education, childcare, and other policies to help families thrive.

## INCREASES RENTS ON MILLIONS OF THE LOWEST INCOME FAMILIES

Because people receiving federal housing assistance already pay their fair share (at least 30 percent of income), rent increases will only force them to divert money away from basic needs like medicine or food and would put them at increased risk of eviction and homelessness. Rent increases will most severely impact the very poorest people, who are already at significant risk of homelessness. Rep. Ross's bill proposes several different rent structures public housing agencies (PHAs) could implement—all of which would raise rents for the poorest families.<sup>1</sup>

HUD is already testing some of these policies through its rent reform demonstration and is planning rigorous evaluation of others through the recent expansion of the Moving to Work (MTW) demonstration. Congress should not make a fundamental shift in longstanding federal rent policies before the results of these evaluations are available.

<sup>1</sup> The bill would not change rent policies in the Section 8 Project-based Rental Assistance program, except for former public housing properties that converted to PBRA under the Rental Assistance Demonstration.

## Representative Ross's bill would:

**Eliminate income deductions for medical or childcare expenses.** Currently, most families receiving federal housing assistance pay 30 percent of their *adjusted* income as rent. Under the proposal, households could instead have to pay 30 percent of their *gross* income. HUD could impose this policy change on households headed by seniors or people with disabilities regardless of the rent options local PHAs choose.<sup>2</sup> Basing families' contributions on gross income particularly hurts households with high medical or child care expenses by eliminating deductions for these expenses, but virtually all seniors, people with disabilities and families with children would pay more if rent is based on gross income. The proposal would also increase the minimum rent from \$50 to \$75, even if this is more than 30% of a resident's income.



**Allow rents to balloon substantially beyond what families can afford.** Under the “tiered rent” policy proposed by the bill, rents could increase substantially. Poor families could be charged a minimum of more than \$500, ten times the minimum rent they can be charged today and far more than 30 percent of most extremely low-income families' income. In addition, rents could increase by as much as several hundred dollars a month when a tenant's income exceeds the initial arbitrary “income cliff.” Estimates show that the average rent increase would be more than \$200 at the income cliff.

Proponents of this system claim it would reduce work disincentives but there is no evidence to support that claim – and no consistent evidence that current rent policy discourages increasing earnings. Indeed, income-based tiers would discourage work for families earning close to the edge of an income cliff.

<sup>2</sup> The bill would also allow HUD to set rents higher than 30 percent of gross income for seniors and people with disabilities.

Under tiered rents, tenants may be reluctant to raise their income above the “income cliff” because they will pay several hundred dollars more in rent each month for two years, regardless of whether their earnings decline.

**Impose a de facto time limit on affordable housing benefits.** Under the “stepped rent” component of the proposal, tenants could see their housing benefits decrease and rents increase every two years, even if it requires them to pay more than their fair share and regardless of their ability to pay. Similar to the “tiered rent” policy, this option would immediately raise rents substantially on the lowest income people, continuing to increase their rent payments every two years based on local housing costs and regardless of their income. Eventually, low income tenants would receive zero housing benefits. Such a system would establish a de facto time limit that would have serious negative consequences, including preventing housing assistance programs from providing continuing assistance to families that work but don’t earn enough to afford market rents, and placing some tenants at risk of evictions and homelessness.

**Give authority to PHAs to change rent policies, without protections for residents.** The bill also allows PHAs to establish other rent policies with little oversight from HUD. Under the bill, a PHA’s proposal to change its rent setting policy would be considered accepted if HUD does not affirmatively disapprove the policy in 90 days. The bill does not provide any details on how PHAs must ensure residents have adequate protections when implementing a new rent policy.

## OTHER PROVISIONS IMPACTING RESIDENTS AND PROGRAM EFFECTIVENESS

Representative Ross’s bill would also:

**Allow PHAs to provide significantly less assistance to families in need.** Instead of covering the full amount a family needs to maintain adequate housing, the bill would permit PHAs to use 40

percent of their funding for housing vouchers to offer shallow housing benefits across more families—less than half the current level. While supporters claim this model would serve more families, it could so dilute housing benefits that families could not achieve housing stability or have a real opportunity to live in higher-opportunity neighborhoods. The proposal claims that the reduced subsidies would be optional for families on waiting lists for assistance. But these families who may be homeless or living in unsafe, unstable housing arrangements could face pressure to accept. If they didn’t, other families would jump past them on the waiting list. Federal housing benefits are already chronically underfunded; three out of four families in need are turned away. This proposal would divert scarce resources away from people most in need and potentially undermine the proven effectiveness of housing vouchers in preventing homelessness.

**Make it harder for families to move to high-opportunity neighborhoods.** Currently, around 2,200 PHAs administer the nation’s 2.2 million housing vouchers. Voucher holders trying to move from one agency’s jurisdiction to another (including to move to high-opportunity neighborhoods) would have to navigate a patchwork of local rent polices to figure out if they can afford to move.

**Undermine the oversight of the public housing and housing voucher programs.** Allowing nearly 3,800 PHAs to choose their own rent systems would make it much harder for HUD to oversee the public housing and housing voucher programs, reducing accountability for a significant portion of the HUD budget. Already, the Government Accountability Office has found that HUD has failed to provide effective oversight of alternative rent policies in the Moving To Work Demonstration, which includes only 39 public housing agencies.

**Make funding cuts more likely.** In addition to undermining the proven effectiveness of federal rental assistance programs, allowing PHAs to substantially increase tenants’ rent payments could be used to rationalize future funding cuts. All PHAs—and all households they assist—could be much worse off, regardless of the choices individual PHAs and communities make.

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