

The 2018 Trump Budget's Proposed Rent Policy Changes and Impacts

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Agenda

- Overview of proposed rent policy changes
- Estimated impacts, including state and local data
- Legislative outlook and advocacy
- Question and answers

Proposed HUD Rent Changes in FY 2018 Trump Budget

1. Flexibility on voucher rent levels, payment standards, tenant contributions, and occupancy standards
2. Eliminating higher subsidies for enhanced vouchers
3. Freezing payments to owners of subsidized properties
4. Raising tenant contributions to 35% of *gross* income
5. Requiring a \$50 minimum rent across all programs
6. Getting rid of utility assistance

Proposed Changes v. Current Rent Rules

Current Policy	Proposed Change
Household pays higher of 30% of income, adjusted for deductions, or 10% of gross income.	Household pays 35% of gross income, no deductions.
Minimum rent of \$25 in PBRA and at PHA option up to \$50 for public housing and vouchers. No minimum rent in 202 and 811.	\$50 minimum rent required in all programs.
Household gets reimbursed if utility allowance exceeds required tenant payment.	No utility assistance.

Proposed Changes v. Current Rent Rules

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Household pays higher of 30% of income, adjusted for various deductions, or 10% of gross income.	Household pays 35% of gross income, no deductions.
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ELIMINATING UTILITY ASSISTANCE WOULD INCREASE HARDSHIP FOR FAMILIES WHO PAY THEIR OWN UTILITIES

A mother with two children using a housing voucher and paying for her own utilities has an adjusted monthly income of \$200, and her apartment costs \$800 for rent and \$125 for utilities each month. With the voucher, she pays \$60 a month (30% of adjusted income).

Under the Trump budget's utility proposal, this family would see its housing costs double.

UNDER CURRENT HUD POLICY

The family's cost calculation:

Adjusted monthly income: \$200

Housing costs: \$925

Voucher subsidy to owner: \$865

Utility assistance payment: \$65

Total spent on housing: \$60



UNDER TRUMP BUDGET

The family's new cost calculation:

Adjusted monthly income: \$200

Housing costs: \$925

Voucher subsidy to owner: \$865

Utility assistance payment: \$0

Total spent on housing: \$125

Proposals Would Expose Vulnerable Households to Hardship

- Risk reducing programs' proven effectiveness against poverty, homelessness, and housing instability
- Hardship exemptions unlikely to protect most affected families
 - Just 5% of families subject to minimum rents receive existing hardship exemption

Rationales for Proposals are Unpersuasive

- Encouraging work?
 - Raising marginal tax rate and eliminating child care deduction would if anything discourage work
- Empowering local decisionmakers?
 - Voucher flexibility would only give new authority to HUD, and minimum rent plan would narrow local options
- Streamlining?
 - Modest reduction in administrative burdens, but offset by hardship exemption process
- Main goal seems to be generating added rent payments to facilitate funding cuts

2018 Trump Budget Would Raise Rents on Over 4 Million Households

Combined Impact of Minimum Rent, Utility Assistance, and Tenant Contribution Changes

	Households Affected	Children Affected	Average Monthly Rent Increase Per Household	12-Month Rent Increase	% Increase in Rents for Affected Households
Total	4 million	3.2 million	\$84	\$4 billion	25%

Note: Excludes MTW households.

Source: CBPP analysis of 2016 HUD administrative data

2018 Trump Budget Could Allow HUD to Raise Rents Across Programs

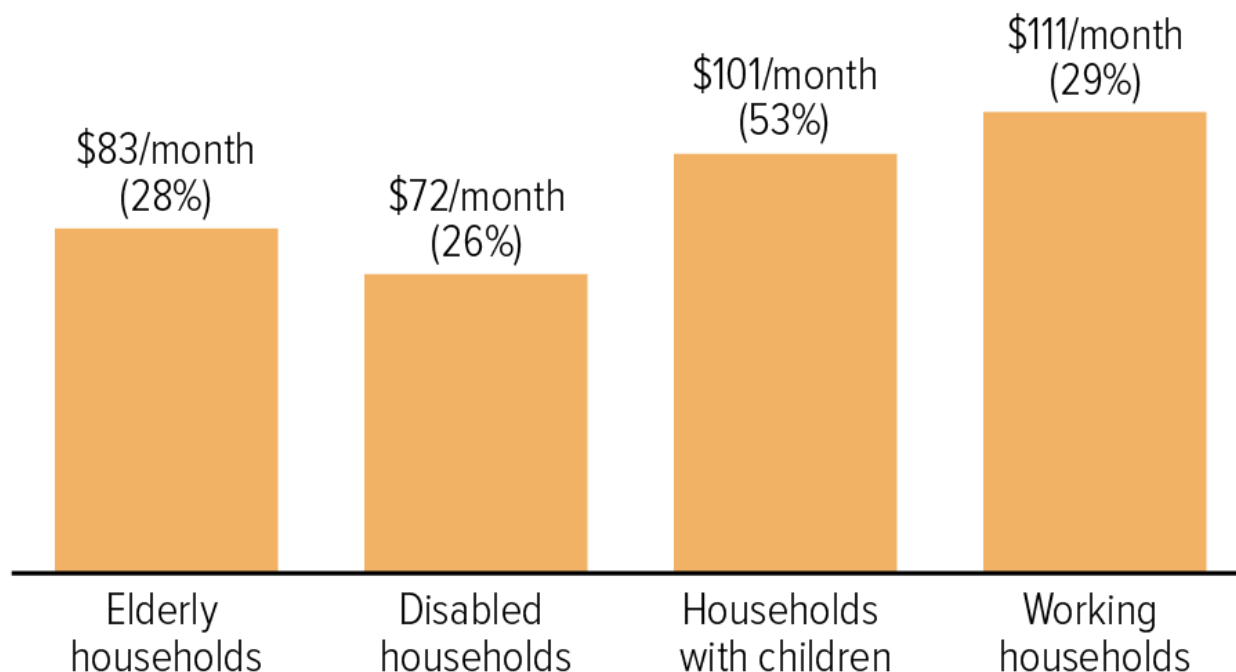
Combined Impact of Minimum Rent, Utility Assistance, and Tenant Contribution Changes

	Households Affected	Children Affected	Average Monthly Rent Increase Per Household	12-Month Rent Increase	% Increase in Rents for Affected Households
Housing Choice Vouchers	1.9 million	1.9 million	\$86	\$1.9 billion	24%
Public Housing	832,000	669,000	\$81	\$805 million	25%
Project-Based Rental Assistance	1.2 million	630,000	\$82	\$1.2 billion	29%
Section 202	121,000	100	\$84	\$121 million	29%
Section 811	31,000	1,200	\$66	\$24 million	26%

Note: Excludes MTW households. Source: CBPP analysis of 2016 HUD administrative data

2018 Trump Budget Would Raise Rents for Wide Range of Low-Income Households

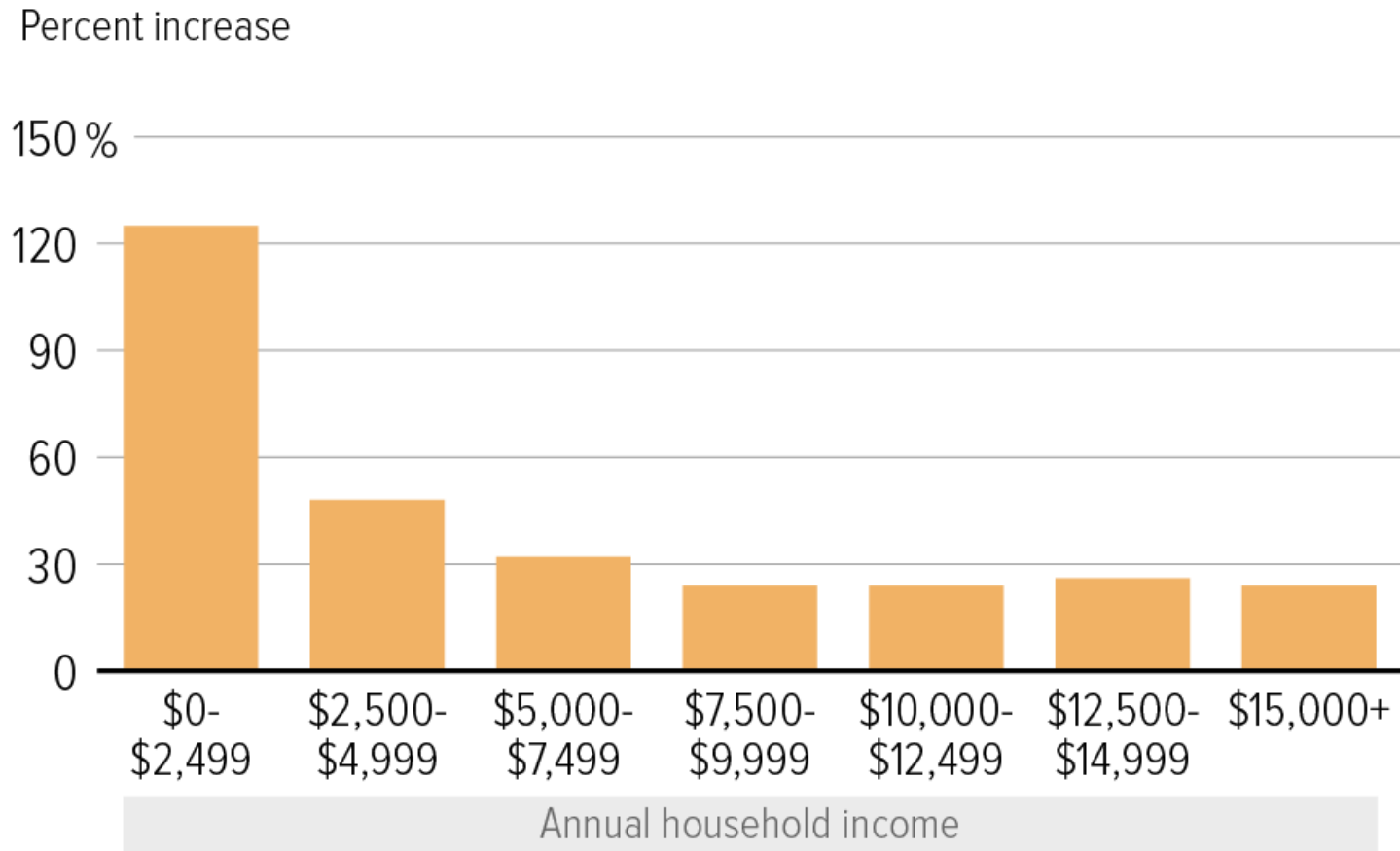
Average rent increase for HUD-assisted households



Note: Disabled households are headed by a person with a disability. Elderly households are headed by a person age 62 or older. Working households had at least one member with earnings in 2016.

Source: CBPP analysis of 2016 Department of Housing and Urban Development (HUD) administrative data

2018 Trump Budget Would Impose Biggest Rent Hikes on Lowest-Income Households



Source: CBPP analysis of 2016 Department of Housing and Urban Development (HUD) administrative data

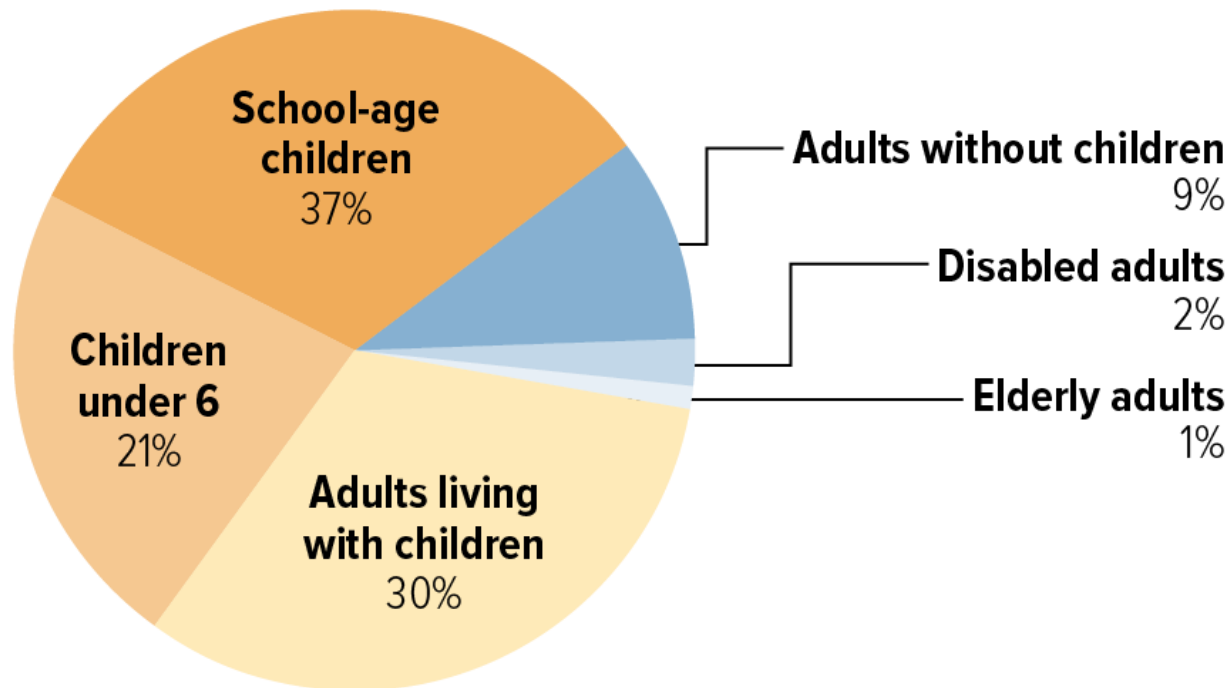
Minimum Rent and Utility Assistance Changes Target Poorest Renters

	Minimum Rent and Utility Assistance	Total Impact of All 3 Policies Combined
Households Affected	496,000	4 million
Primary Demographic Affected	72% households with children	59% elderly or disabled households
Share of Affected Households with Annual Income Below \$2500	62%	7%
Share in Deep Poverty	98%	22%

Note: Excludes MTW households. Deep poverty = household income less than 50% of the 2016 HHS federal poverty guidelines. Source: CBPP analysis of 2016 HUD administrative data

Eliminating HUD Utility Assistance Would Mainly Harm Families with Children

Share of 1.3 million people receiving utility assistance



Note: Elderly persons are age 62 or older

Source: CBPP analysis of 2016 Department of Housing and Urban Development (HUD) administrative data

Added Rent Payments From 2018 Trump Budget Proposals

Policy Change	Annual Rent Increase After Full Implementation	Rent Increase in 2018 if Changes Take Effect in January 2018	Rent Increase in 2018 if Changes Take Effect in October 2018 (as under 2014 Flat Rent Increase)
\$50 Mandatory Minimum Rent & Eliminating Utility Assistance	\$435 million	\$217 million	\$36 million
Combined Impact of All 3 Policies if 35% Change Applies to Multifamily Programs Only	\$1.6 billion	\$830 million	\$138 million
Combined Impact of All 3 Policies if 35% Change Applies to All Programs	\$4.1 billion	\$2 billion	\$338 million

Note: “Combined Impact” refers to rent increases from the following policies: 1) instituting a mandatory \$50 minimum rent; 2) eliminating utility assistance; and 3) eliminating deductions and raising tenant payments to 35% of gross income.

Source: CBPP analysis of 2016 Department of Housing and Urban Development administrative data.⁴

Supplementary Data, Including State and Local Impacts

Appendix 2: Supplementary Tables

Appendix Table 1: Combined Impact of Mandating \$50 Minimum Rents, Eliminating Utility Reimbursements and Deductions, and Raising Tenant Contribution to 35% of Gross Income



Appendix Table 2: Combined Impact of Mandating \$50 Minimum Rents, Eliminating Utility Reimbursements and Deductions, and Raising Tenant Contribution to 35% of Gross Income by State

Appendix Table 3: Impact of Mandating \$50 Minimum Rents Alone

Appendix Table 4: Impact of Eliminating Utility Assistance Alone

Appendix Table 5: Combined Impact of Mandating \$50 Minimum Rents and Eliminating Utility Assistance

Appendix Table 6: Impact of Eliminating Deductions and Raising Tenant Contribution to 35% of Income

State and Congressional District Impacts Available for Combined Policy Proposals

APPENDIX TABLE 2

Combined Impact of Mandating \$50 Minimum Rents, Eliminating Utility Assistance, and Raising Tenant Contribution to 35 Percent of Gross Income by State and Congressional District

	Households Affected	Children Affected	Average Monthly Rent Increase Per Household	12-Month Rent Increase	% Increase in Rents for Affected Households
Alabama ▶	81,600	82,800	\$80	\$77,996,000	29%
Alaska ▶	1,600	1,100	\$102	\$1,957,000	23%
Arizona ▶	36,800	38,200	\$81	\$35,748,000	27%
Arkansas ▶	44,500	35,900	\$72	\$38,291,000	27%
California ▶	384,100	251,900	\$86	\$394,707,000	21%
Colorado ▶	52,200	41,300	\$81	\$50,829,000	25%
Connecticut ▶	67,900	47,000	\$92	\$74,929,000	24%
Delaware ▶	10,600	9,600	\$91	\$11,541,000	27%

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Alabama ▼	81,600	82,800	\$80	\$77,996,000	29%
District 1	11,900	13,800	\$80	\$11,439,000	29%
District 2	10,900	11,400	\$78	\$10,291,000	28%
District 3	10,500	9,800	\$78	\$9,785,000	29%
District 4	11,200	7,400	\$73	\$9,839,000	27%
District 5	8,500	7,700	\$76	\$7,765,000	29%
District 6	3,700	3,800	\$88	\$3,913,000	29%
District 7	24,700	28,700	\$84	\$24,783,000	31%
Alaska ►	1,600	1,100	\$102	\$1,957,000	23%

Legislative Outlook and Advocacy

- House T-HUD bill does not include rent changes
 - *But* report states: “The Committee supports efforts to reform HUD’s subsidized housing programs to address per unit costs so that supporting subsidized units remains fiscally sustainable [and ...] encourages the Secretary to work expeditiously toward identifying a legislative reform package that is agreeable to both the Administration and the relevant committees of jurisdiction.”
- Senate approach unclear; mark-up likely next week
- Policy changes could be inserted in final FY18 bill
 - Majority (i.e. Republican) authorizers could agree without formal, public process
 - Amending an omnibus bill could be impossible

Long-Term Risks

- Even if no changes this year, substantial long-term risks:
 - Cost of maintaining rental assistance tends to increase to keep pace with markets and operating costs
 - If overall priorities of Administration and Congressional majorities remain balancing the budget in near term while increasing defense spending and cutting taxes, NDD programs (as well as low-income entitlements) will be squeezed.
- *But* changing housing laws, or approving appropriations bills, takes 60 votes in Senate.
- *Important to build bipartisan opposition*

Resource List

- CBPP Housing <https://www.cbpp.org/topics/housing>
- Trump Budget Rent Policy Proposals Paper
<https://www.cbpp.org/research/housing/trump-budgets-housing-proposals-would-raise-rents-on-struggling-families-seniors>
- Appendix Tables, including state and local data
<https://www.cbpp.org/research/housing/trump-budgets-housing-proposals-would-raise-rents-on-struggling-families-seniors#hous7-12-17t2>
- Housing Program Cuts Under 2018 Trump Budget
<https://www.cbpp.org/housing-program-cuts-under-president-trumps-budget>