

POLICY DIGEST

A monthly snapshot of housing-related policy research



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IN THE NEWS

In expensive cities, rents fall for the rich — but rise for the poor

Nationally, the pace of rent increases is beginning to slow down. But the decline is being driven primarily by decreasing prices for high-end rentals. **People in low-end housing, the apartments and other units that house working-class residents, are still paying more than ever.**

City officials have said a boom in luxury housing construction would cause rents to fall for everyone else, arguing that creating new units for those at the top would ease competition for cheaper properties. In part based on that theory, cities have approved thousands of new luxury units over the past several years, hoping to check high rents that have led more than 20 million American renters to be classified as “cost burdened,” defined as spending more than 30 percent of one’s income on housing. But although some advocates say the dividends could still pay off for low-income renters, others say more direct government action is needed to prevent poor residents from being forced out of their cities or into homelessness.

Read more: https://www.washingtonpost.com/business/economy/in-expensive-cities-rents-fall-for-the-rich--but-rise-for-the-poor/2018/08/05/a16e5962-96a4-11e8-80e1-00e80e1fdf43_story.html?utm_term=.2242b79e1e15

NOWHERE TO GO:

HOMELESSNESS AMONG FORMERLY INCARCERATED PEOPLE

August 2018 | Lucius Couloute



HOMELESSNESS AMONG FORMERLY INCARCERATED PEOPLE

Formerly incarcerated people are almost 10 times more likely to be homeless than the general public. Data from a Bureau of Justice Statistics survey shows that up to 15% of incarcerated people experience homelessness in the year before admission to prison. Rates of homelessness are especially high among people who have been incarcerated more than once, people recently released from prison, and people of color and women.

THE REVOLVING DOOR & HOMELESSNESS

Being homeless makes formerly incarcerated people more likely to be arrested and incarcerated again, because of policies that criminalize homelessness, such as sleeping in public spaces, panhandling, and public urination.

HOMELESSNESS AMONG RECENTLY-RELEASED INDIVIDUALS

Formerly incarcerated people are most likely to be homeless in the period shortly after release, but this is a fixable problem. States should develop better systems to support formerly incarcerated people in finding homes, as well as creating more long term solutions.

SHELTERED AND UNSHELTERED HOMELESSNESS BY RACE AND GENDER

Within the broad category of homelessness, there are two distinct populations outlined by the study: people who are sheltered (in a homeless shelter) and those who are unsheltered (without a fixed residence).

Overall, formerly incarcerated women are more likely to be homeless than formerly incarcerated men, but men are less likely to be sheltered than women, whether for reasons of availability or personal choice. Formerly incarcerated men and women of color have much higher rates of unsheltered homelessness than white men and women. Black women experienced the highest rate of sheltered homelessness - nearly four times the rate of white men, and twice as high as the rate of black men. This, paired with another study that showed unemployment rates among formerly incarcerated black women were higher than any other demographic group, illustrate that black women, in particular, have been excluded from the social resources necessary to succeed after incarceration.





HOUSING INSECURITY AMONG FORMERLY INCARCERATED PEOPLE

Housing insecurity includes homelessness as well as marginal housing like rooming houses, hotels, or motels. While they found that 203 out of every 10,000 formerly incarcerated people were homeless, nearly three times as many - **570 out of every 10,000 - were housing insecure**. Hispanics were more likely than people of any other race to live in marginal housing. Men had much higher rates of marginal housing than women.

Discrimination by public housing authorities and private property owners, combined with affordable housing shortages, continue to drive the exclusion of formerly incarcerated people from the housing market. The use of credit checks, criminal record checks, exorbitant security deposits, and other housing application requirements - such as professional references - can also act as **systemic barriers for people who have spent extended periods of time away** from the community and out of the labor market.

Excluding formerly incarcerated people from safe and stable housing can reduce access to healthcare services (including addiction and mental health treatment), thereby making it harder to secure a job, and prevent formerly incarcerated people from accessing educational programs.



POLICY RECOMMENDATIONS:

- 1. States should create clear-cut systems to help recently-released individuals find homes and understand their housing options after release, find pathways to short-term and permanent housing, and receive financial support.**
- 2. Ban the box on housing applications that use a criminal record as a proxy for one's suitability as a tenant.**
- 3. End the criminalization of homelessness, as it only contributes to the "revolving door" of homelessness and punishment.**
- 4. Expand social services for the homeless, focusing on "Housing First" reforms with expanded social services.**

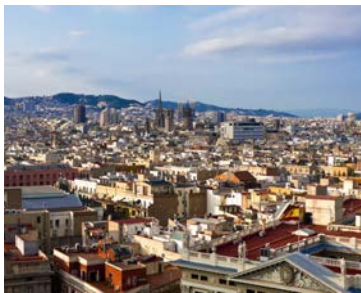


SCALE IN HOUSING POLICY:

A CASE STUDY OF THE POTENTIAL OF SMALL AREA FAIR MARKET RENTS

June 2018 | Matthew Palm, University of Melbourne

This research looked at the potential for SAFMRs to increase the number of units below FMRs in high-opportunity areas (low-poverty rated and access to good schools) and used data from five HUD metropolitan FMR areas in California - Oakland, Sacramento, San Diego, San Francisco, and San Jose.



SMALL AREA FAIR MARKET RENT (SAFMR):

Currently, HUD caps subsidies for Section 8 housing vouchers using Fair Market Rents (FMRs), but recently, HUD implemented SAFMRs, which shrinks the geographic scale to calculate voucher limits from the metropolitan scale to ZIP Code-level rents to encourage voucher recipients to move into high-opportunity areas. Previously, HUD’s calculation of FMRs covered large areas and created a mismatch between local markets and regional voucher limits. With SAFMRs, it reflects the rent more specifically to smaller geographic areas, which will hopefully disperse voucher recipients more evenly across large metropolitan areas. However, HUD recently rescinded a mandatory implementation of SAFMRs due to uncertainty about program costs, lack of data, and potential to decrease the number of units.

KEY FINDINGS:

The results showed that switching to the SAFMRs increases the share of rental listings below FMR in low-poverty neighborhoods in the Oakland, Sacramento, San Diego, and San Jose HUD metropolitan FMR areas. It declined slightly in San Francisco, but the hypothetical SFMRs there were simply not high enough to increase the below-FMR rate in these neighborhoods.

Although it might seem appropriate to recommend even higher FMRs for these neighborhoods, the cost of providing vouchers in the most expensive parts of the nation’s most expensive metropolitan areas may not be worth the trade-off of reducing the number of families the program could serve, as some critics of the SAFMRs point out.

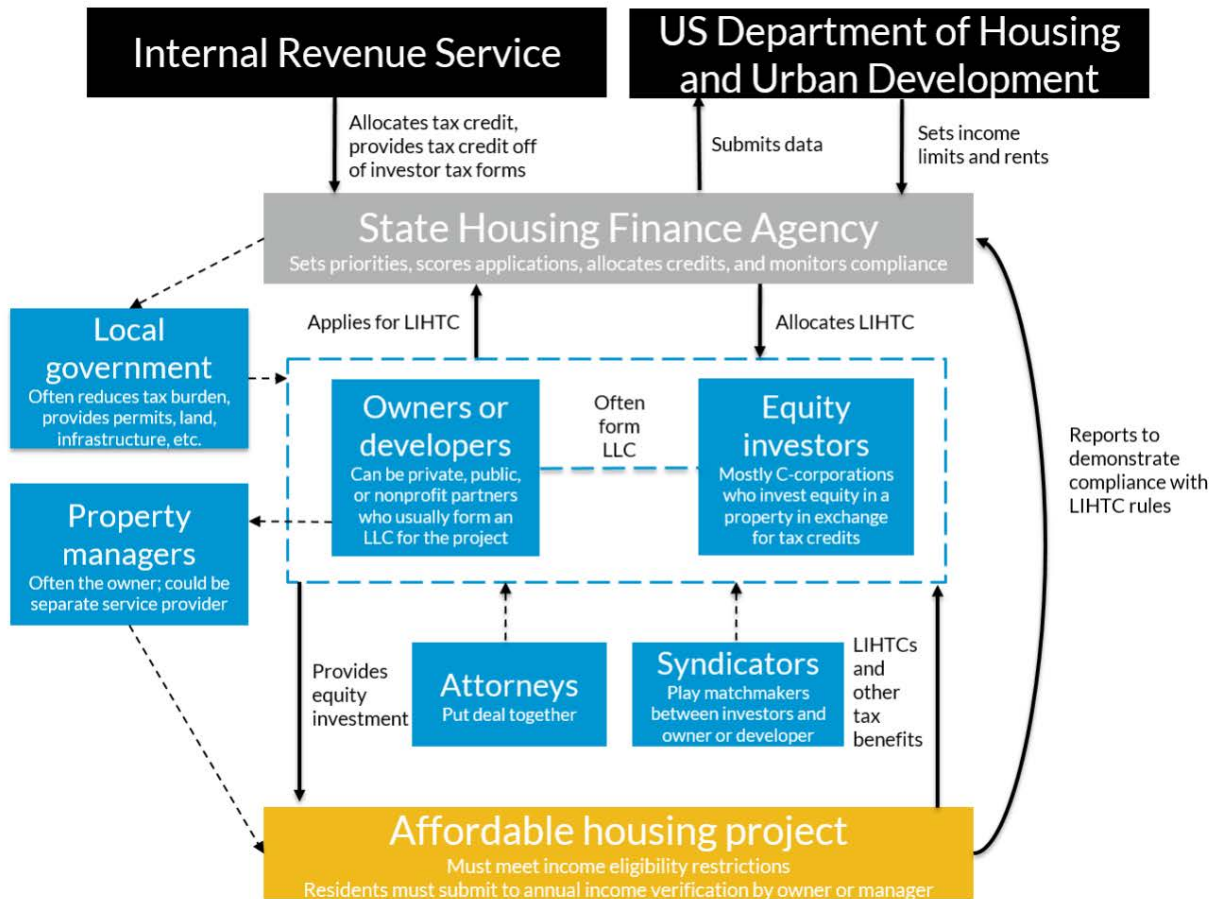
This benefit also does not guarantee voucher recipients will be able to use vouchers in these areas, however, as the SAFMRs do not address income discrimination. Overall, the SAFMRs highlight the importance of geographic scale in housing policy implementation.

Read more:
<https://www.huduser.gov/portal/periodicals/cityscape/vol20num1/article7.html>

THE LOW INCOME HOUSING TAX CREDIT: HOW IT WORKS AND WHO IT SERVES

July 2018 | The Urban Institute

PARTNERS IN A LIHTC DEAL:



URBAN INSTITUTE

SUCCESSSES OF LIHTC:

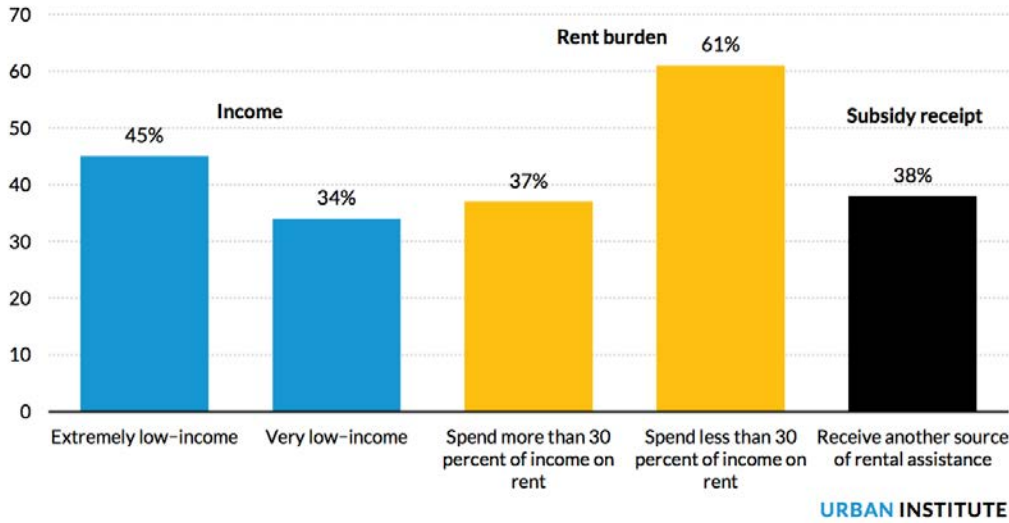
1. LIHTC is the longest running national affordable rental housing program producing new units.
2. It allows a strong role for state governments in setting priorities and administering the program while requiring minimal HUD involvement.
3. LIHTC's longevity stems from bipartisan support, homebuilding industry support, and a history of strong program performance, all of which has been difficult to achieve for other federal housing programs.
4. It appeals to a more progressive agenda of increasing the supply of affordable housing, but it also supports the more fiscally conservative goal of minimizing the cost to government while leveraging private investment.
5. LIHTC has placed in service around 110,000 units per year.

Read more: https://www.urban.org/research/publication/low-income-housing-tax-credit-how-it-works-and-who-it-serves/view/full_report

FINANCIAL CHARACTERISTICS OF TENANTS IN LIHTC UNITS, 2015

Thanks to other rental assistance programs, LIHTC may serve more lower income households than expected

Percentage of households in LIHTC units



Source: HUD (2018).

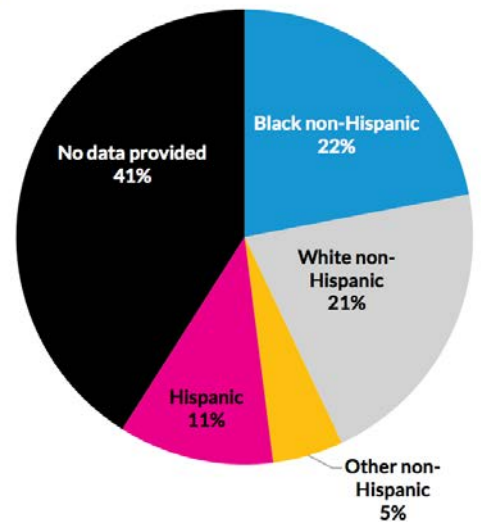
Notes: Sixty-nine percent of properties reported on income and rental assistance, and 79 percent of properties reported on household income and rent. These data reflect only the properties with data reported.

CHALLENGES OF LIHTC:

1. Units are not required to be permanently affordable.
2. LIHTC doesn't serve the lowest-income households well on its own, often serving households that make an average of 60% of AMI.
3. The program structure can promote the concentration of units in poorer places, as most properties are developed with affordability restrictions on all units to qualify for more tax credits.
4. Community opposition can stymie LIHTC development in places that may need it, such as regulatory barriers or active protests.
5. LIHTC can exacerbate racial segregation, a repeated legal problem for affordable rental housing developments over the years.
6. There is a need for more comprehensive data surrounding LIHTC and information about the LIHTC award process, partnership structures, project consequences, and tax credit pricing.
7. Because of its complex structure of partners and financing, LIHTC is vulnerable to market forces or changes of the tax code.

RACIAL AND ETHNIC CHARACTERISTICS OF TENANTS IN LIHTC UNITS

Percentage of heads of households



Source: HUD (2018).

Note: 68 percent of Low-Income Housing Tax Credit properties report data on race and ethnicity.

Read more: https://www.urban.org/research/publication/low-income-housing-tax-credit-how-it-works-and-who-it-serves/view/full_report

2019 CALIFORNIA ENERGY CODE

SOLAR REQUIREMENTS AND EXCEPTIONS

August 2018 | California Housing Partnership Corporation
By Collin Tateishi, Policy Manager

All newly constructed properties (low-rise and high-rise) must be "solar ready" unless they install a solar PV system. The intent is to reserve a suitable space of the roof for a future solar PV system – energy code refers to it as a "solar zone." This also applies to building retrofits where the total roof area is increased by at least 2,000 square-feet.

LOCATION

The solar zone shall be located: on the roof or overhang of the building; on the roof or overhang of another structure within 250 feet of the building; or on covered parking. It applies to the entire building (including mixed occupancy) and shall have a total area no less than 15% of the total roof area of the building (less any skylight area).

EQUIPMENT

There are no requirements to install panels, conduit, piping, or mounting hardware.

MINIMUM AREA

The total solar zone area cannot have a dimension less than 5 feet. For each building with roof areas less than or equal to 10,000 sq. ft., the total solar zone area cannot have a dimension less than 80 sq. ft. For each building with roof areas greater than 10,000 sq. ft., the total solar zone area cannot have a dimension less than 160 sq. ft.



EXCEPTIONS

Exception 1 - High-rise multifamily buildings that have a solar PV system.

Exception 2 - High-rise multifamily buildings that have a solar thermal system.

Exception 3 - All buildings with a designated solar zone area that is no less than 50% of the potential solar zone area.

Exception 4 - All buildings with smart thermostats in each dwelling unit. In addition to demand response controls, these buildings must meet one of these two options:

- Option A (at least 1)

- Efficient dishwasher plus an efficiency refrigerator or a whole house fan; or
- Home automation system that controls appliances and lighting; or
- Alternative plumbing from clothes washer, showers, and bathtubs to outdoor irrigation; or
- Rainwater catchment system

- Option B - EV charging spaces

Exception 5 - All buildings where the roof is used for cars, parking or helicopter.

Low-rise residential properties (3 or fewer habitable stories) must install on-site solar PV, but have access to 6 exceptions and a community solar and/or storage offset.

EXCEPTIONS

Exception 1 - Shaded roof space. No PV is required if the effective annual solar access is restricted to less than 80 contiguous sq. ft.

Exception 2 - Reduced size in climate zone 15. System can be smaller, but may not be less than 1.5 Watt DC per sq. ft. of conditioned floor area.

Exception 3 - Reduced size for two-story buildings. System can be smaller, but may not be less than 1.0 Watt DC per sq. ft. of conditioned floor area.

Exception 4 - Reduced size in all climate zones. Systems can be smaller based on the effective annual solar access, but may not be less than 0.8 Watt DC per sq. ft. of conditioned floor area.

Exception 5 - Reduced size if plans were approved prior to January 1, 2020. Systems can be smaller if those plans have a solar zone between 80-200 sq. ft.

Exception 6 - Reduced size if paired with battery storage. Solar PV size may be reduced by 25% if they install an on-site battery storage system that has at least 7.5 kWh total capacity per dwelling. Community solar and/or storage offset - Low-rise residential properties may use this offset as long as the off-site systems provide energy savings benefits directly to the building that would have otherwise been required to have on-site solar PV. Energy savings benefits must be allocated in a manner demonstrated to be equivalent to the reductions in energy consumption that would have been realized from an on-site system.



High-rise residential properties (between 4 and 10 habitable stories) are required to be "solar ready," but do not have to install an on-site solar PV system. There are no requirements to install panels, conduit, piping, or mounting hardware. High-rise residential properties may install an on-site battery storage system, but do not have any solar PV requirements for which an exception or system size reduction could be used. Similarly, community solar and/or storage is not needed as an alternative exception/offset.

WORK REQUIREMENTS AND WELL-BEING IN PUBLIC HOUSING

2018 | US Department of Housing and Urban Development, CityScape

This study examined how the implementation of a work requirement paired with supportive services by Charlotte Housing Authority impacted residents' overall well-being. CHA's work requirement mandates that all work-able households—those households with at least one non-disabled adult age 18 to 61—maintain 15 hours per week of employment.

IMPACT ON HOUSEHOLD INCOME:

For some, the policy provided the impetus and support to secure wage employment.

After the CHA's work requirement was implemented, reported wage employment increased from 48 to 60 percent among residents in the work requirement sites between 2011 and 2014. Although the perception that public housing residents do not want to work is common, nearly every resident in the treatment and comparison groups wanted to work and believed that other work-able residents should as well. Case managers also provided the support needed to obtain wage employment.

As wage incomes increased, households had welfare supports reduced.

This was true for households that transitioned from unemployment or underemployment, but their jobs did not pay enough for families to live independent of welfare. Although household income increased, food insecurity rose among households subject to the work requirement from 60 percent in 2010 to 76 percent in 2014, as food stamps were cut as household income rose.

Parents also pointed to the tradeoffs of increased employment on their family—more income but also less family time.

The work requirement seems to have affected education in two very different ways.

Some residents said the case management helped them return to school to obtain certifications, such as a CNA, enabling them to earn more. Others, however, stated that the policy was impeding their educations (particularly completion of GED). Although less commonly expressed, frustration with case managers was mostly related to enforcement of the policy, such as requiring parents with dependent children and inadequate childcare to work in low-wage, dead-end jobs.

IMPACT ON HEALTH:

The way a work requirement interacts with other welfare benefits, such as food stamps and access to Medicaid, is of significant concern given the health challenges of public housing residents. The baseline physical and mental health of CHA's work-able public housing residents is very poor. Complying with the requirements for the work program disqualifies a household from receiving the benefits of Medicaid, thereby creating hardships. Without full medical insurance for routine care, interviewees described going to the emergency room to access medication and healthcare. However, those subject to the work requirement reported feeling less stressed as a result of increased wage income.



POLICY RECOMMENDATIONS:

CHA's work requirement, including case management and other services, was associated with increases in wage employment without increasing evictions.

Parents described wanting to work to provide financially for their families and to serve as a role model for their children. Despite this, household income was not sufficient to support a move out of public housing, physical and mental health needs remained severe, and few residents made progress toward improving their educational levels. PHAs could improve the effectiveness of public housing interventions to increase family self-sufficiency and well-being by providing more job training and educational opportunities, additional health interventions, and access to case management services.

Read more: <https://www.jstor.org/stable/26472166>

IN THE NEWS

As Affordable Housing Crisis Grows, HUD Sits on the Sidelines

The Trump administration's main policy response, unveiled this spring by Ben Carson, the secretary of housing and urban development: a plan to triple rents for about 712,000 of the poorest tenants receiving federal housing aid and to loosen the cap on rents on 4.5 million households enrolled in federal voucher and public housing programs nationwide, with the goal of moving longtime tenants out of the system to make way for new ones.

Dr. Carson believes federal aid should be regarded as a temporary crutch for families moving from dependency to work and sees the rent increases as a way to expand his agency's budget. Low-income renters and many local officials who run housing programs see the federal assistance as a semi-permanent hedge against evictions and homelessness that needs to be expanded in times of crisis.

This year, the White House proposed to slash \$8.8 billion from the Department of Housing and Urban Development's most important housing programs.

In March, Republican and Democratic negotiators rejected Mr. Trump's budget, adding \$1.25 billion to HUD's rental assistance programs and injecting an additional \$425 million to the HOME program, which funds state, local, nonprofit and private partnerships to build affordable housing.

A more immediate threat to affordable housing, critics say, is the huge tax bill passed by Congress last year, which imperils one of the most important sources of long-term funding, the Low Income Housing Tax Credit.

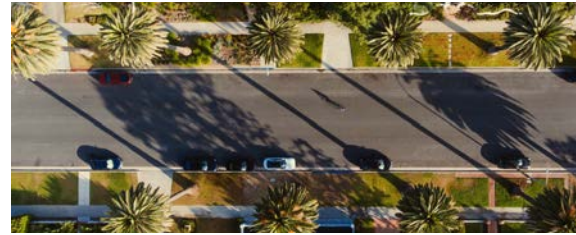
Novogradac & Company, a firm that provides analytics for the construction and finance industries, estimated that demand for the \$9-billion-a-year credit could dry up as investors realize savings through the tax cuts. The firm estimates that nearly 235,000 fewer apartments could be built over the next decade as a result of the tax code rewrite.

Read more: <https://www.nytimes.com/2018/07/27/us/politics/hud-affordable-housing-crisis.html>

CHANGES TO AHSC PROGRAM REVEALED BY LATEST AWARDS

August 2018 | California Housing Partnership Corporation

The purpose of California’s Affordable Housing and Sustainable Communities (AHSC) program is to reduce greenhouse gas (GHG) emissions and provide additional community benefits through investments in affordable homes and transit infrastructure.



On June 28, the Strategic Growth Council (SGC) announced \$257 million in Round 3 AHSC awards to 19 developments, primarily in disadvantaged communities across the state. These developments will create 1,950 new affordable homes for low-income Californians and introduce new transportation infrastructure that will increase transit ridership, decrease local exposure to harmful pollution, and help the State meet its GHG reduction goals. New analysis from the California Housing Partnership reveals important trends in the composition of Round 3 AHSC awards and their effectiveness in delivering on the program’s stated goals.

Although AHSC developments are all generally effective at reducing GHG emissions, some components are more cost-effective at reducing GHGs than others. Among awarded developments in Round 3, each dollar of AHSC funds allocated to creating affordable homes will help reduce GHGs approximately 7 times more efficiently than equivalent AHSC investments in transportation infrastructure. Accounting for the total cost of housing and transportation components (as opposed to only the costs covered by the AHSC award) reduces this ratio to 3:1.

These results are shown in Table 1 below.

TABLE 1: ROUND 3 GHG REDUCTIONS (MT CO₂e) x 1,000 (project-level)

	GHG Reductions from Housing Features / Housing AHSC Investment (AHD+HRI)	GHG Reductions from Transportation Features / Transportation AHSC Investment (STI+TRA)	GHG Reductions from Housing Features / Housing Total Development Costs (AHD+HRI)	GHG Reductions from Transportation Features / Transportation Total Development Costs (STI+TRA)
Median	0.84	0.13	0.21	0.08
Ratio	6.58		2.59	

Round 3 also marked a shift in the composition of AHSC awards, when compared to Round 2:

Decrease in share of AHSC award for creating affordable homes: The median share of each AHSC award allocated to creating new affordable homes—defined in AHSC as Affordable Housing Developments (AHD) and Housing Related Infrastructure (HRI)—decreased from 88% in Round 2 to 68% in Round 3;

Increase in share of AHSC awards for transportation infrastructure: The median share of each AHSC award allocated new transportation infrastructure—defined in AHSC as Sustainable Transit Infrastructure (STI) and Transportation-Related Amenities (TRA)—increased from 12% in Round 2 to 30% in Round 3.

Other results shown below in Table 2 further demonstrate AHSC’s shift away from supporting affordable housing and toward investment in new transportation infrastructure.

TABLE 2: TOTAL AHSC AWARD SIZE PER DEVELOPMENT, BY FUNDING CATEGORY AND ROUND

	Total Size of Award		Housing (AHD+HRI) Award Amount		Transportation (STI+TRA) Award Amount		Program Award Amount	
	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3
Total, All Awards	\$295,252,840	\$257,497,000	\$237,490,379	\$181,183,211	\$55,452,563	\$71,636,013	\$2,309,898	\$4,677,776
Median, per Development	\$12,028,626	\$13,975,653	\$9,443,372	\$9,300,000	\$1,069,659	\$3,642,665	\$65,000	\$200,000

This shift in the composition of awards between Rounds 2 and 3 is likely the result of applicants responding to new incentives in AHSC’s Round 3 Guidelines approved by the SGC to allocate a larger share of award requests to transportation infrastructure than in previous funding rounds.

Additional Round 3 AHSC award results from the California Housing Partnership’s analysis:

While the median total award size increased by almost \$2 million between Round 2 and Round 3, all of that increase went to transportation infrastructure and program costs (e.g., transit passes). Meanwhile, awards for creating affordable homes actually decreased on a per-unit basis by \$3,400 when compared to Round 2.

The share of the total cost of developing affordable homes covered by AHSC awards decreased from 27% in Round 2 to 21% in Round 3, indicating an increased reliance on local, State, and private funding to fill the financing gap.

For more information about the AHSC program, please contact Dan Rinzler, Senior Policy Analyst, at drinzler@chpc.net.

IN THE NEWS

Should pets be allowed in city-subsidized housing projects?

The LA City Council is considering requiring property owners who take measure HHH money to allow recently homeless residents to bring pets.

Homeless advocates cite rules banning pets as a big impediment to people getting housed. But would banning a pet ban keep some owners from renting to the homeless? The following excerpts are from an episode of “AirTalk”, with guests Carla Hall, an editorial writer for the LA Times whose latest op-ed looks at this issue, and Alan Greenlee, executive director of Southern California Association of Nonprofit Housing, an organization that facilitates development of affordable housing across Southern California.

Hall: “The idea is to encourage developers to not have one more barrier for people who are desperate for housing and have probably had a pretty hard time getting housing.”

Greenlee: “I think the most important thing for listeners to think about in the matter of public policy is that the extent we include animals in affordable housing, there’s a serious potential of increased costs, whether that be maintenance to the building, insurance and liability, other kinds of facility expenses, and those expenses have a direct impact on the cost of the building, which has a direct impact on the number of units.”

Listen to more: <https://www.scpr.org/programs/airtalk/2018/08/07/63469/should-pets-be-allowed-in-city-subsidized-housing/>