

---

Revised November 22, 2013

## **Rental Assistance Helps More Than 300,000 Veterans Afford Homes, but Large Unmet Needs Remain Housing Vouchers for Some Veterans at Risk Unless Congress Provides Funding Above the 2013 Levels**

By Will Fischer

Rental assistance helps more than 300,000 veterans — the great majority of them poor or near poor — afford decent housing. It appears to have played a central role in the 23 percent reduction in veterans' homelessness between 2009 and 2013, and it allows recipients to devote more of their limited resources to other basic needs, like food or medicine. But it reaches only a fraction of veterans in need; many veterans continue to experience homelessness or pay very high shares of their income for housing. And if Congress does not increase funding in 2014 for the Housing Choice Voucher program, which has been hit hard by sequestration, assistance for 8,000 to 12,000 low-income veterans could be cut as a result.<sup>1</sup>

If the nation is to address veterans' housing needs adequately, it is critical to undo the recent cuts in rental assistance and expand housing assistance for the most vulnerable low-income people. The latter could include providing funds for the National Housing Trust Fund through housing finance reform legislation and establishing a limited new low-income renters' tax credit as part of tax reform.

### **Rental Assistance Helps Many Veterans Afford Decent Homes**

Rental assistance helped 339,000 veterans afford housing in March 2013, the most recent period for which data are available. Some 52 percent were elderly, and 21 percent were non-elderly veterans with disabilities. Some 117,000 children lived in assisted families that included a veteran.<sup>2</sup> Eleven percent of veterans with rental assistance were female.

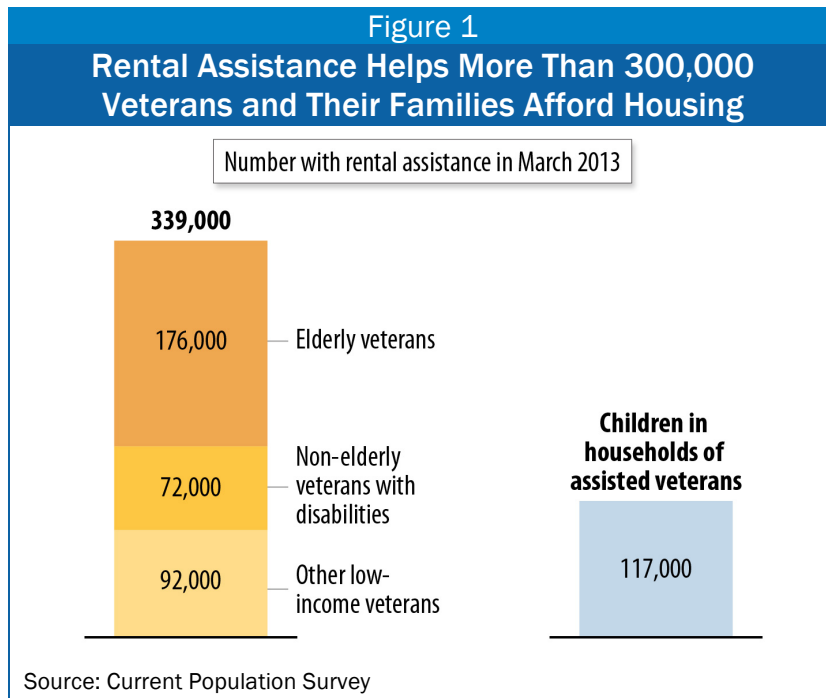
The HUD-Veterans Affairs Supportive Housing voucher program (HUD-VASH), a component of the Housing Choice Voucher program that primarily targets chronically homeless veterans with

---

<sup>1</sup> This estimate assumes that the cut in the number of vouchers in use if Congress fails to raise voucher funding over the 2013 post-sequestration level affects veterans in proportion to their share of the rental assistance population. See the discussion later in this report.

<sup>2</sup> These figures are based on CBPP analysis of March 2013 Current Population Survey (CPS) data.

disabilities (in combination with case management and clinical services through VA medical centers), assists about 43,000 veterans.<sup>3</sup> The nearly 300,000 remaining assisted veterans were served through other federal, state, and local programs, which for the most part are “mainstream” programs not specifically targeted on veterans. Most of these veterans likely participated in the three main federal rental assistance programs: Housing Choice Vouchers, Section 8 Project-Based Rental Assistance, and public housing.<sup>4</sup> Under these programs, participants generally pay 30 percent of their income toward rent for a modest housing unit and the rental assistance covers the remaining cost.



Rental assistance has been central to efforts to reduce homelessness among veterans, which have made considerable progress in recent years. Studies have found that rental assistance sharply reduces homelessness, which suggests that a significant share of the 339,000 assisted veterans may have been homeless without assistance.<sup>5</sup> Also, studies that looked specifically at the HUD-VASH program found that veterans with psychiatric or substance abuse disorders who received supportive housing vouchers spent less time homeless than similar veterans who received other forms of treatment but did not get these vouchers.<sup>6</sup>

<sup>3</sup> HUD, “HUD & VA Announce More Vouchers to Help Homeless Vets Get into Permanent Homes,” September 27, 2013, [http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2013/HUDNo.13-146](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-146).

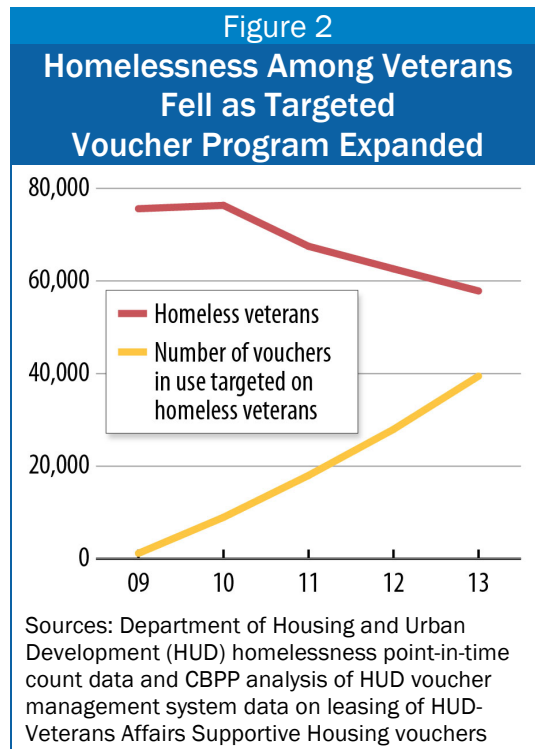
<sup>4</sup> It is not possible to determine reliably from the CPS what type of rental assistance respondents receive. The total of 339,000 veterans with rental assistance includes all individuals who ever served on active duty in the armed services and were in households that reported living in a public housing project or in other housing where the government pays part of the rent. The number of households that report living in public housing or other subsidized housing in the CPS is modestly above the number of households with federal rental assistance according to administrative data, but likely includes state and local rental assistance and may include some units developed through federal programs like the Low-Income Housing Tax Credit that do not provide ongoing rental assistance. The number of households that report living in public housing in the CPS, however, is far higher than the number of public housing units, suggesting that many households in other types of rental assistance projects mistakenly report living in a public housing project in CPS interviews.

<sup>5</sup> Gregory Mills *et al.*, “Effects of Housing Vouchers on Welfare Families,” prepared by Abt Associates for the HUD Office of Policy Development and Research, 2006, <http://www.huduser.org/publications/commdev/hsgvouchers.html>.

<sup>6</sup> Robert Rosenheck *et al.*, “Cost-effectiveness of Supported Housing for Homeless Persons with Mental Illness,” *Archives of General Psychiatry*, September 2003; An Lin Cheng *et al.*, “Impact of Supported Housing on Clinical Outcomes,” *Journal of Nervous and Mental Disease*, January 2007.

Since 2008, Congress has funded steady increases in the number of HUD-VASH vouchers. As Figure 2 shows, the share of veterans who are homeless fell by 23 percent over roughly the same period. The departments of Veterans Affairs (VA) and Housing and Urban Development (HUD) implemented other homelessness initiatives during these years, and it is difficult to determine how much of the decline in homelessness among veterans stemmed from any particular factor. But the added rental assistance provided through the HUD-VASH program likely played a major role.

In addition to reducing homelessness, rental assistance eases hardship for veterans by freeing up resources for other basic needs (such as food or health care) and reducing housing instability and crowding, which can have long-term effects on education and health.<sup>7</sup> Most assisted veterans are poor or near-poor and would struggle to make ends meet without assistance. Thirty-one percent of assisted veterans lived in households with incomes below the poverty line, which was \$11,945 in 2012 for a single person under age 65. Eighty-three percent of assisted veterans lived in households below 200 percent of the poverty line.



## Unmet Housing Needs Among Veterans Remain Widespread

In 2009, the Obama Administration established a goal of ending homelessness among veterans by 2015.<sup>8</sup> Despite progress in recent years, this goal remains far off. A HUD assessment on one night in January 2013 counted 57,800 homeless veterans: 23,200 sleeping in the street, in cars, or in other places not meant for human habitation, and 34,700 in emergency shelters, transitional housing, or similar arrangements.<sup>9</sup> And many more veterans experience homelessness over the course of a year than at any point in time. During 2012, the most recent year for which complete data are available, 138,000 veterans stayed in a shelter for at least one night.<sup>10</sup>

Moreover, homeless veterans are only a small share of the veterans who struggle to afford housing. In 2012, some 1.79 million low-income veterans lived in households that paid more than

<sup>7</sup> Joint Center for Housing Studies of Harvard University, “America’s Rental Housing: Meeting Challenges, Building on Opportunities,” April 2011, p. 5 and table A-9, <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/americasrentalhousing-2011.pdf>; Mills *et al.*, 2006.

<sup>8</sup> U.S. Department of Veterans Affairs, “Shinseki Details Plan to End Homelessness for Veterans,” November 3, 2009, <http://www1.va.gov/OPA/pressrel/pressrelease.cfm?id=1807>; U.S. Interagency Council on Homelessness, “Opening Doors: Federal Strategic Plan to End Homelessness,” 2010.

<sup>9</sup> HUD Office of Community Planning and Development, “The 2013 Annual Homeless Assessment Report to Congress: Part 1” November 2013, <https://www.onecpd.info/resources/documents/AHAR-2013-Part1.pdf>.

<sup>10</sup> HUD Office of Community Planning and Development, “The 2012 Annual Homeless Assessment Report to Congress: Volume II,” September 2013, <https://www.onecpd.info/resources/documents/2012-AHAR-Volume-2.pdf>.

30 percent of their income for rent and utilities, and 762,000 lived in households that paid more than 50 percent.<sup>11</sup> Government programs and the private sector widely regard housing as unaffordable if it costs more than 30 percent of a household's income. Families that pay substantially more often must divert funds away from other basic needs. They also are at greater risk of having to move frequently, entering into stressful and insecure arrangements such as doubling up with friends and family, or becoming homeless.

## **Rental Assistance Funding Decisions Carry High Stakes for Needy Veterans**

To address veterans' unmet housing needs, policymakers will need to provide added rental assistance resources. This should include continued expansion of the HUD-VASH program. But many needy veterans do not qualify for HUD-VASH (which is generally available only to veterans who served for at least 24 months and received particular types of discharges from military service) or are not chronically homeless people who require the supportive housing HUD-VASH provides. As a result, policymakers also need to adequately fund the mainstream rental assistance programs that help most assisted veterans.

Unfortunately, rental assistance funding is under considerable pressure. Reductions in 2013 voucher funding resulting from the "sequestration" budget cuts have compelled state and local agencies to serve fewer low-income families. Cuts in assistance will grow more severe in 2014 unless Congress raises funding above the 2013 level: rising rents will push up program costs, and many agencies that used reserve funds to avoid harsh cuts in 2013 will exhaust those funds. If Congress holds 2014 voucher funding at the 2013 level, about 125,000 to 185,000 fewer families will have vouchers in December 2014 than in December 2012.<sup>12</sup> If this cut affects veterans in proportion to their share of the rental assistance population, 8,000 to 12,000 more low-income veterans will be left unassisted as a result.

Recent cuts also have sharply reduced funding for public housing maintenance and renovation. This could expose low-income veterans in public housing to lack of heat, faulty elevators, or other uncomfortable or unsafe conditions. Over time, if maintenance is repeatedly deferred, developments could deteriorate to the point where they are no longer habitable and must be demolished or sold, reducing the number of veterans and other low-income people assisted through public housing. Also, tight funding for the Section 8 Project-Based Rental Assistance program could discourage private owners of assisted units from renewing their subsidy contracts, shrinking the number of veterans assisted through that program.

Even if policymakers reverse sequestration, the long-term caps on overall domestic appropriations levels that the 2011 Budget Control Act established will remain in place and make it difficult to significantly expand existing rental assistance programs. Other measures will be needed to help address unmet needs among veterans. One step would be to set aside some fees generated through reform of the housing finance system to fund the National Housing Trust Fund (NHTF), which Congress authorized in 2008 to develop and rehabilitate housing affordable to the lowest-income families but which has never received funding. A housing finance reform bill introduced by

---

<sup>11</sup> These figures are based on CBPP analysis of the 2012 American Community Survey and cover veterans in households with income below 80 percent of the area median income.

<sup>12</sup> Douglas Rice, "Sequestration Could Cut Housing Vouchers for as Many as 185,000 Low-income Families by the End of 2014," Center on Budget and Policy Priorities, November 6, 2013.

Senators Mark Warner (D-VA) and Bob Corker (R-TN) would set aside some resources for the trust fund; the set-aside should be raised and targeted more tightly on the most vulnerable families and individuals.<sup>13</sup>

In addition, if tax reform legislation advances, Congress could use a portion of savings from reforming homeownership or other tax expenditures to create a new, state-administered renters' tax credit to help a portion of the neediest families afford housing. If such a credit were capped at \$5 billion annually and states allocated credits to veterans in proportion to their share of the eligible population, some 84,000 veterans would receive assistance.<sup>14</sup> If states targeted larger shares of their credits on veterans, they would be able to assist most veterans who struggle to afford housing today.

## Conclusion

There has been substantial progress in reducing homelessness among veterans, and rental assistance has played an essential role. But much work remains to be done if the nation is to end homelessness among veterans by 2015 and to reduce the number of veterans who pay high shares of their income for rent. Congress could advance those goals by continuing to expand the HUD-VASH program, reversing recent cuts in rental assistance, and taking measures such as funding the National Housing Trust Fund and establishing a new renters' tax credit to assist veterans and other vulnerable low-income people.

---

<sup>13</sup> For additional information on proposals to fund the NHTF through housing finance reform legislation, see National Low-Income Housing Coalition, Comments to Senate Banking Committee on Housing Finance Reform, October 11, 2013, [http://nlihc.org/sites/default/files/NLIHC\\_Comments\\_Senate\\_Housing-Finance\\_10-11-13.pdf](http://nlihc.org/sites/default/files/NLIHC_Comments_Senate_Housing-Finance_10-11-13.pdf).

<sup>14</sup> For additional information on the renters' credit proposal, see Barbara Sard and Will Fischer, "Renters' Tax Credit Would Promote Equity and Advance Balanced Housing Policy," Center on Budget and Policy Priorities, August 21, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3802>.