

# Revisiting Rental Housing: Moving Forward

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# Areas of Emerging Consensus

- Vouchers are more efficient than project-based assistance
- Project-based assistance has a role in creating affordable options where none might otherwise exist, to revitalize areas or preserve properties at risk of loss
- State and local regulations add significantly to challenges of building and rehabilitating affordable rental housing
- Sustainability of project-based assistance comes at a cost
- Rental assistance programs that exert as much market discipline and rely as much on state or local agencies as possible are preferred
- Rental assistance can, under the right circumstances, support multiple objectives but not enough is known about how, when, or where

# Areas of Emerging Consensus

- Mixing income matters and makes sense
- Large-scale redevelopment can succeed but the details matter
- Preservation of subsidized and unsubsidized rental housing may prevent costly neighborhood decline
- State action may be necessary to relax regulatory barriers imposed by numerous local jurisdictions
- Federal housing programs do not provide enough flexibility to meet many special needs
- Remediation of health hazards and rehabilitation of rental housing come at a cost
- Concentration of poverty has negative effects past a threshold in the 15 to 20 percent range

# Some Areas of Ongoing Dispute

- Whether to more deeply target rental assistance or make available to those with low and moderate incomes
- Whether work requirements or incentives are needed to make rental assistance at least neutral for work eligible people
- Whether rental assistance should be designed to pursue workforce development, welfare transitions and asset building
- Whether the government should make concerted efforts to influence spatial outcomes
- Whether nonprofit status confers special advantages that warrant public investment
- Whether the benefits of rental assistance justify the costs

# Some Practical Suggestions

- Research and point out the impacts of unaffordable rental housing, linking them to public costs and negative externalities
- Develop programs to help households make informed tenure choice decisions
- Assist rental aid recipients access pre-existing programs that make work pay (EITC, childcare subsidies, etc.)
- Provide flat rents with a reversion to 30% standard if income falls
- Experiment with aggregating small rental property ownership in select local housing authorities using essential function bonds and tax abatements
- Provide training and financial incentives to promote responsible 1-4 unit property ownership and management
- Develop a tailored program to provide maintenance and rehabilitation assistance in stable working class (Grade C) neighborhoods at risk of falling into decline

# Some Practical Suggestions

- Build on state and local best practices for regulatory relief and rapid recycling of distressed properties
- Develop kits to help developers succeed in overcoming local regulatory barriers and counter fallacious arguments
- Modify the tax credit program to make use of past lessons
- Streamline programs and program rules so that their use and administration are more efficient and flexible
- Provide supportive rental housing for the homeless rather than through costly and less effective emergency services
- Strengthen role of employment services via job placement services
- Raise income limits on HOME and tax credit programs for housing in high poverty areas to promote economic integration

# Some Possible Bold Steps

- Make rental assistance an entitlement (or at least for the elderly and the disabled)
- Aggregate ownership of the smaller unsubsidized rental housing stock through federal sponsorship of an “S-REIT”
- Conduct carefully designed and evaluated experiments aimed at creating the right work and savings incentives and the best methods for bundling housing assistance with social services, job services, and relocation assistance
- Condition rental assistance on work requirements
- Limit vouchers to neighborhoods with well-performing public schools
- Level the tax playing field between owning and renting—refundable tax credit for renters

# Some Possible Bold Steps

- Adjust the EITC for cost of living differences
- Create regional authorities to administer vouchers and metropolitan planning organizations to prepare regional housing strategies to complement transportation strategies
- Condition receipt of tax credits on states creating frameworks for local planning and land-use regulations that promote production of affordable rental housing
- Condition HOME and CDBG assistance on investments that are consistent with the regional housing strategies
- Cycle assisted renters into homeownership as much as possible through credit repair, savings incentives, job services, and mortgage selection counseling