

# Rent Assistance Works

## Responses to concerns about rent assistance

By Daniel Hauser and Juan Carlos Ordóñez

Establishing a rent assistance program would be an effective strategy for addressing Oregon’s housing affordability crisis. Rent assistance is any program that subsidizes the rent for eligible individuals and families. The best known rent assistance program is federal Housing Choice Vouchers, which helps tens of thousands of Oregonians keep a stable and safe home. However, this program falls short of meeting the existing need. This fact sheet — a companion to the report *A State Rent Assistance Program Would Strengthen Oregon Communities*<sup>1</sup> — addresses some of the most common concerns that arise in discussions about a rent assistance program.



### Rent assistance addresses a key facet of the housing crisis: insufficient income

Oregon’s housing crisis, like the housing crisis affecting the nation, is multifaceted. Solving it requires multiple policy responses, including rent assistance.

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No matter the supply of housing, very low-income Oregonians will struggle to afford housing

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Rent assistance directly addresses a key aspect of the housing crisis — the fact that some people don’t have enough income to cover the rent. Certainly, an inadequate supply of housing units is an important aspect of the housing crisis, especially in some urban housing markets. Yet, for individuals and families with very low incomes, increasing the housing supply alone does not make housing affordable. No matter the supply of housing, very low-income Oregonians will struggle to afford safe and stable housing. For this group, rent assistance is a crucial component of addressing their housing needs.<sup>2</sup>

## A targeted rent assistance program is unlikely to push up rents

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Federal housing vouchers do not cause generalized rent increases

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A well-designed Oregon rent assistance program is likely to have a negligible impact on the rent charged across the housing market. While it is reasonable to ask whether a demand-side policy such as rent assistance has an impact on rents, research indicates that federal housing vouchers — a program that subsidizes the rent of more than 70,000 Oregonians — do not cause generalized rent increases.<sup>3</sup> Though federal vouchers can cause adverse price effects on the margins, any impact on rent is less likely to occur from a smaller, more targeted statewide rent assistance program. Even as it responds to the housing needs of very vulnerable populations, such a program would be limited in scale, minimizing the risk of increasing rents.



## Oregon has in place a structure to prevent landlord profiteering

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Concerns about landlords capturing the benefits of a rent assistance program finds support in the research of Matthew Desmond, author of the acclaimed book *Evicted* and a proponent of rent assistance as a solution to the nation's housing crisis. In a study of Milwaukee's federal housing voucher program, Desmond and co-author Kristin Perkins found that landlords overcharge when given the opportunity.<sup>4</sup>

The way to prevent landlords from overcharging, Desmond argues, is to put in place rent stabilization. "A well-designed program would ensure a reasonable rent that rose at the rate of inflation and include flexible provisions allowing landlords to receive a modest rate of return," while preventing overcharging through rent stabilization.<sup>5</sup> Such regulation of rents would make the program more efficient, allowing it to help more people.

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In 2019, Oregon enacted a set of tenant protections that includes rent stabilization

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Oregon already has in place a regulatory framework to limit profiteering. In 2019, the Oregon legislature enacted Senate Bill 608, a set of tenant protections that includes rent stabilization. This program limits the increase in rent each year to no more than 7 percent plus the Consumer Price Index.<sup>6</sup>

## Rent assistance would strengthen the workforce

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The benefits of a rent assistance program outweigh concerns that such a program could be a disincentive to work. The research on the impact of rent assistance on work is mixed, with several studies finding no adverse effects, while one study showed that rent assistance modestly reduced work hours and earnings.<sup>7</sup> Even assuming a modest impact on work, rent assistance is an excellent investment. As Desmond explains,

*In truth, the status quo is much more of a threat to self-sufficiency than any housing program could be. Families crushed by the high cost of housing cannot afford vocational training or extra schooling that would allow them to acquire new skills; and many cannot stay in one place long enough to hold down the same job. Affordable housing is a human-capital investment, just like job programs or education, one that would strengthen and steady the American workforce.<sup>8</sup>*

## Vouchers help families find safe and affordable units

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Evidence shows the vast majority of federal housing vouchers get used, addressing concerns of whether rent assistance actually helps families find housing. A family approved for a federal Housing Choice Voucher must find a unit that can pass inspection, has rent equal to or less than the rent cap approved for that neighborhood, and has an owner willing to accept rent assistance. The family has a limited time — generally between 60 and 120 days — to find a suitable unit. This creates barriers for some families in finding a unit. Not all succeed, in which case the voucher passes to the next family on the waiting list.<sup>9</sup> Nevertheless, among all the housing vouchers administered by Public Housing Authorities in Oregon in 2017, 93 percent were in use, keeping families housed.<sup>10</sup>

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93 percent of vouchers get used

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In crafting a statewide rent assistance program, Oregon should take steps to boost the ability of families to use vouchers to secure

housing. State funding and policy could encourage Public Housing Authorities to provide higher rent caps in particularly tight housing markets, provide assistance to families in finding units, extend the time available to find a unit, and reach out to landlords.<sup>11</sup> The state could also take steps to prevent discrimination of voucher holders by landlords.

## Conclusion

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Statewide rent assistance is an effective way for Oregon to address an important aspect of the housing crisis: the fact that some families simply don't make enough money to cover the rent. The typical objections raised against rent assistance programs either do not stand up to scrutiny or can be addressed with a well-designed program.

## Endnotes

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<sup>1</sup> Daniel Hauser and Juan Carlos Ordóñez, A State Rent Assistance Program Would Strengthen Oregon Communities, Oregon Center for Public Policy, September 23, 2019, available at <https://www.ocpp.org/2019/09/23/state-rent-assistance-program/>

<sup>2</sup> See Ingrid Gould Ellen, What do we know about housing choice vouchers?, Regional Science and Urban Economics (2018), available at [https://furmancenter.org/files/What\\_do\\_we\\_know\\_about\\_housing\\_vouchers.pdf](https://furmancenter.org/files/What_do_we_know_about_housing_vouchers.pdf); Jenny Schuetz, "Is the rent "too damn high"? Or are incomes too low?" The Brookings Institute, December 19, 2017, available at <https://www.brookings.edu/blog/the-avenue/2017/12/19/is-the-rent-too-damn-high-or-are-incomes-too-low/>; Douglas rice, Ehren Dohler and Alicia Mazzara, How Housing Vouchers Can Help Address California's Rental Crisis, Center on Budget and Policy Priorities, February 12, 2016, available at <https://www.cbpp.org/research/housing/how-housing-vouchers-can-help-address-californias-rental-crisis>.

<sup>3</sup> Michael D. Eriksen and Amanda Ross, American Economic Journal: Economic Policy, Vol. 7, No. 3, August 2015, at pp. 154-176. Available at [https://www.jstor.org/stable/24466027?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/24466027?seq=1#page_scan_tab_contents).

<sup>4</sup> Matthew Desmond and Kristin L. Perkins, "Are Landlords Overcharging Housing Voucher Holders?" City and Community 15 (2): at pp. 137-162.

<sup>5</sup> Mathew Desmond, Evicted: Poverty and profit in the American city, 2016, at pp. 310-11.

<sup>6</sup> Senate Bill 608, 2019 Oregon Legislative Session, Section 2(3)(c), available at <https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/SB608/Enrolled>.

<sup>7</sup> Mathew Desmond, Evicted: Poverty and profit in the American city, 2016, p. 309 and p. 401.

<sup>8</sup> Ibid., pp. 309-10.

<sup>9</sup> Unfortunately, the most recent data available showing the rate at which families with a federal housing voucher succeed in finding a unit is more than 15 years old. This analysis found that about seven in 10 families were able to find a unit within the allotted time, with significant variation between regions. See Meryl Finkel and Larry Buron, Quantitative Study of Success Rates in Metropolitan Areas, U.S. Department of Housing and Urban Development, November 2001, available at <https://www.huduser.gov/publications/pdf/sec8success.pdf>.

<sup>10</sup> Housing Choice Voucher Utilization Data, Center on Budget and Policy Priorities, available at <https://www.cbpp.org/research/national-and-state-housing-data-fact-sheets#table4>.

<sup>11</sup> Cunningham et al., A Pilot Study of Landlord Acceptance of Housing Choice Vouchers, Urban Institute, August 2018, available at <https://www.urban.org/research/publication/pilot-study-landlord-acceptance-housing-choice-vouchers>; Deborah Thrope, Achieving Housing Choice and Mobility in the Voucher Program: Recommendations for the Administration, Journal of Affordable Housing, 2018, available at [https://www.nhlp.org/wp-content/uploads/2018/05/AH-27-1\\_11Thrope.pdf](https://www.nhlp.org/wp-content/uploads/2018/05/AH-27-1_11Thrope.pdf).

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