

A ROOF OVER OUR HEADS: CAUTIONARY TALES FROM THE U.S.

Learning from the US: Housing Choice Vouchers (formerly Section 8 Housing)

Introduction

In 2016, the Canadian Federal Government conducted a series of consultations to inform the development of a national housing strategy. With the government poised to release their strategy, ACORN members urge policymakers to consider key issues that impact housing for low- and moderate-income communities, by looking to the US and their Housing Choice Vouchers program (HCV).

ACORN's National Housing Demands

Housing is a Right

The Federal Government should enact legislation that clearly establishes the right to secure, adequate and affordable housing:

- *Affordability:*
 - ✓ Ensure that all people pay less than 30% of household income on housing, without risk of eviction.
 - ✓ Ensure that enough social housing is built and housing benefits are created to supply all people on the social housing wait-list with affordable housing. (Housing benefits cannot be a replacement for a robust housing program that includes support for new publicly-owned, and run, RGI housing. Sustain existing RGI subsidies and create new supply of social housing. Housing benefits should be used as a temporary solution to address the need for affordable housing while the adequate amount of public housing is built.)
 - ✓ Spend 100% of the \$11.2 billion announced in the March 2017 budget within the next two years to respond to the housing crisis.
- *Multi-jurisdictional leadership from federal government:*



ACORN CANADA

(416) 461 5322 | RESEARCH@ACORNCANADA.ORG | WWW.ACORNCANADA.ORG

Our current housing challenge requires responsibility and action from all levels, bringing to bear the collective set of policy and financial tools at our disposal. This will require leadership at the federal level and a new set of arrangements between federal, provincial, territorial, municipal and First Nations governments.

- *Full rent control by all provinces.*
- *Federal government to support municipal implementation of mandatory inclusive zoning in high pressure development.*
- *Minimum standards of maintenance:*
 - ✓ It is important that the policy environment encourages re-investment in substandard housing in a way that preserves quality while maintaining affordability. Energy retrofits are win-win, as energy efficiency equals lower costs. This cost reduction needs strong policies to ensure the savings are being passed on to the tenants.
 - ✓ We need the Federal Government to implement a federal minimum standard of housing, covering the livability of housing for many low-income families across the country. It should include basic standards of maintenance, health standards related to mold and pests, and a minimum enforcement regime for any level of government responsible for housing conditions. Included in this should be support for landlord licensing policies at municipal or provincial levels to enforce the standards created at the federal level.

Background

Section 8 Housing originated in 1974, as the Nixon administration shifted from investing in social housing to a market-based solution. This shift has continued over the years since Section 8 emerged and since 1995, nearly one in five public housing units have been lost¹. Housing choice vouchers are designed to allow low-income renters to access the private rental market rather than government-owned housing, aiming to provide flexibility, tackle concentrated poverty, and reduce the strain on social housing. Recipients are expected to pay approximately 30% of their income on rent, and the voucher covers the remaining balance up to the “Fair Market Rent”, calculated by the U.S. Department of Housing and Urban Development (HUD), based on the amount required to cover rent and other basic necessities within a metropolitan area².

The HCV program is the dominant housing program in the U.S., serving over 2.2 million households³. However, more than 10 million people who would qualify for the program do not receive any subsidy⁴. Although often heralded as a successful model, there are many issues with the HCV program that the

¹ DeLuca, S., *Segregating Shelter: How Housing Policies Shape the Residential Locations of Low-Income Minority Families* (2013) <<http://journals.sagepub.com.proxy.lib.sfu.ca/doi/full/10.1177/0002716213479310>>

² Jeon, J. S., *Newly-Suspended HUD Rule Would Have Expanded Access to Neighborhood Opportunity* (2017) <<https://shelterforce.org/2017/10/19/newly-suspended-hud-rule-expanded-access-neighborhood-opportunity/>>

³ DeLuca, S., *Segregating Shelter*.

⁴ Tighe, et al., 2016.

Source of Income Discrimination and Fair Housing Policy

<http://journals.sagepub.com.proxy.lib.sfu.ca/doi/full/10.1177/0885412216670603>

Canadian government should consider given that they have indicated a portable housing supplement may constitute part of their housing strategy for low-income renters⁵.

Issues with the HCV Program

Waitlists and Time Limits

In 2016, 75% of U.S. social housing authorities closed their HCV waitlists to new applicants⁶. Often, waitlists remain closed for up to five years, leaving the ten million families who are desperate for housing facing homelessness or forced into inadequate, unaffordable, and unlivable conditions. For those who finally receive a voucher after years on the waitlist, many are afforded little time to uproot, with voucher-holders given sixty days to secure accommodation or risk forfeiting the voucher. This makes it near impossible for families to move far from their original location, impacting their ability to escape the impoverished neighbourhoods that they were living in in the first place. Studies have shown that almost a quarter of recipients found the time limit was too short to find adequate housing⁷.

A similar program would face problems in Canada where many municipalities do not have the necessary levels of affordable housing to cope with the demand. There are currently hundreds of thousands of families on the waitlist for social housing, with wait times spanning up to twelve years⁸. 1.7 million low-income households are in core housing need, experiencing housing costs over 30% of their pre-tax household income and housing that is inadequate, unsuitable or unaffordable¹⁰. With the private rental market exhibiting increasingly low vacancy rates across Canada, in many cities it is unlikely that there would be enough rental housing stock to meet demand of those in need. For example, in Toronto, where 90,000 people are on the waitlist for social housing, the rental vacancy rate is 1.7%¹¹. In Vancouver, 10,000 people are on the waitlist for social housing, with a rental vacancy rate of 0.7%¹².

Mobility, Stigma and Segregation

Although the US Housing Choice program was designed to provide choice to renters, allowing them to move out of impoverished neighbourhoods and into neighbourhoods with better jobs, education and opportunities, in reality the program has failed many recipients, and may have contributed to increased concentrations of poverty in some areas. For example, insufficient funding of housing authorities means

⁵ The Conference Board of Canada, *What We Heard: Shaping Canada's Housing Policy* (2017) <http://publications.gc.ca/collections/collection_2017/edsc-esdc/Em12-30-2016-eng.pdf>

⁶ Tighe, et al., 2016. *Source of Income Discrimination and Fair Housing Policy*

⁷ Wang, R., *Tracking "Choice" in the Housing Choice Voucher Program: The Relationship Between Neighborhood Preference and Locational Outcome* (2016) <<http://journals.sagepub.com.proxy.lib.sfu.ca/doi/full/10.1177/1078087416646205>>

⁸ Young, L., *140,000 Canadian Families are Waiting for Housing*. (2015) <<https://globalnews.ca/news/2268505/140000-canadian-families-are-waiting-for-housing-heres-what-the-parties-plan-to-do/>>

⁹ CPJ, *Infographic: Affordable housing in Canada* (2013) <<https://www.cpj.ca/infographic-affordable-housing-canada>>

¹⁰ CMHC, *Housing need stable in Canada, 1.7 million Canadian households affected* (2017) <<https://www.cmhc-schl.gc.ca/en/corp/nero/nere/2017/2017-11-15-0830.cfm>>

¹¹ CMHC, *Rental Market* (2016) <https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_004.cfm>

¹² Ibid.

that staff are often under-resourced and overstretched, unable to invest the time that would be required to help a family relocate to a more affluent neighbourhood¹³.

Another factor limiting recipients' ability to relocate from impoverished neighbourhoods is the lack of regulation preventing discrimination against voucher holders. In many regions of the U.S., landlords can refuse to rent to voucher holders, further limiting recipients' choice and ability to escape high-concentrations of poverty. Studies have shown that almost one third of voucher holders have encountered landlords that refuse to rent to HCV recipients¹⁴. In addition, landlords can discourage recipients by requiring credit checks, application fees, and other hurdles to make the process even more difficult for voucher holders.

Landlords are required to comply with a number of rules to rent to voucher recipients, such as inspections and contract requirements, which may favour larger landlords with more resources¹⁵. Voucher holders are often stigmatized, and misconceptions about the HCV program and recipients themselves can lead to landlords declining to rent to recipients. As a result, voucher holders tend to concentrate in buildings where they know the landlord will accept vouchers, therefore re-concentrating poverty, albeit outside of social housing. Studies have shown that this can reinforce segregation, with predominantly non-white recipients re-locating from impoverished neighbourhoods to other areas of concentrated poverty¹⁶.

Affordability

Cities without rent control in the U.S. have seen voucher holders struggling to find affordable accommodation¹⁷. Prices being pushed up due to gentrification, and low vacancy rates, make it increasingly difficult for low-income earners to find housing that is affordable and livable in more affluent neighbourhoods. The HUD-calculated fair market rent often does not reflect true market conditions, and falls short of the rate that would be required to live within certain neighbourhoods as it is metropolitan-wide, rather than based on individual postal codes. This means that voucher recipients can often only afford housing in neighbourhoods with high rates of poverty. The U.S. Government has recently suspended a decision to change the FMR calculation so that it was based on postal code¹⁸, a move that would have made higher-rent neighbourhoods, with better opportunities, more accessible to voucher recipients.

Key Lessons Learned for Canadian Housing Policy

Looking to the U.S., many lessons can be learned to ensure that Canada does not implement a voucher scheme that fails to meet the needs of the millions of low-income households in need of affordable, livable housing.

¹³ DeLuca, S., *Segregating Shelter*.

¹⁴ DeLuca, S., *Segregating Shelter*.

¹⁵ Steele, M., *Housing Allowances in the US under Section 8 and in Other Countries: A Canadian Perspective* (2001) <<http://journals.sagepub.com.proxy.lib.sfu.ca/doi/pdf/10.1080/00420980123221>>

¹⁶ Tighe, et al., *Source of Income Discrimination and Fair Housing Policy*.

¹⁷ Semuels, A., *How Housing Policy Is Failing America's Poor*, (2015)

<<https://www.theatlantic.com/business/archive/2015/06/section-8-is-failing/396650/>>

¹⁸ Jeon, J. S., *Newly-Suspended HUD Rule Would Have Expanded Access to Neighborhood Opportunity*

Regulation to Prevent Discrimination

As mentioned, in the U.S., many voucher recipients have faced discrimination and little protections against landlords who refuse to rent to voucher holders. Some states have passed laws banning discrimination based on source of income (SOI)¹⁹. This has had varying success, with landlords pushing back, and in some cases blocking the rulings. It is pertinent, therefore, that thorough protections are put in place to ensure that any portable voucher program is fully able to meet its mandate and recipients do not experience discrimination.

Affordability

In Canada, it is important that any housing program for low-income renters has affordability at its core. Rent control coupled with subsidy calculations based on average rental costs within postal codes ensures that vouchers are truly portable, and does not restrict recipients to impoverished communities.

Continued Investment in Social Housing

As seen in the U.S., the shift to a market-based housing strategy has been insufficient in meeting the needs of all who qualify for the program. With hundreds of thousands on waitlists for social housing in Canada, millions experiencing core housing need, and low vacancy rates in the private market, it is imperative that the government does not replace investment in social housing, through repairs and development of new housing, with a market-based approach. Social housing that has been demolished should be replaced at a rate of 1-to-1, and an aggressive commitment to increased investment in publicly-run social housing is required to address the housing crisis facing many cities across the country.

For more information, contact ACORN:

(416) 461 5322 | research@acorncanada.org | www.acorncanada.org

¹⁹ Tighe, et al., *Source of Income Discrimination and Fair Housing Policy*.