

## Over Income Families: Mixing Income in Public Housing

### *Congress and HUD Should Not Penalize Successful Public Housing Residents*

There has always been a small proportion of public housing residents whose incomes exceed the income limit for admission because of their success at becoming self-sufficient. All of these families had eligible incomes when they moved in to public housing. For decades, income limits have applied to admission to assisted housing, not for continued occupancy, and different programs dealt with over income families in different ways for sound policy reasons.

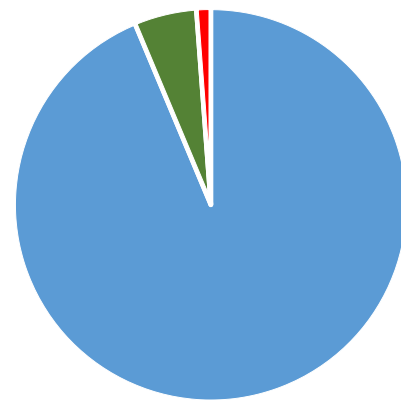
Recent changes to requirements for flat rents in public housing have raised the issue of over income families in public housing once again, along with ill-advised questions concerning the existing public housing policy established decades ago. As a result, it is worthwhile to summarize the status of over income participants in deeply assisted housing programs, the ways these programs address these households and the policy bases for these treatments.

#### Who Has Incomes Over Admission Income Limits in Assisted Housing?

The deeply assisted housing programs of the U.S. Housing Act of 1937 assist almost 2.82 million households.

- 1.96 million (69 percent) have extremely low incomes (ELI) (below 30 percent of Area Median Income (AMI)).
- 539,731 (19 percent) have very low incomes (VLI) (between 30 percent and 50 percent of AMI)
- 144,613 (5.11 percent) have low incomes (LI) (between 50 percent and 80 percent of AMI)
- 33,341 households (1.2 percent) have incomes over 80 percent of AMI.
- 152,120 households' incomes (5.4 percent) are unavailable.

Public Housing and Section 8 Participants



■ Extremely and Very Low Income ■ Low Income ■ Over Income

#### Where Do Over Income Households Live?

Current participants with incomes above 80 percent of AMI predominantly live in public housing properties.

- 29,230 public housing residents (3 percent of public housing households and 87.7 percent of all over income),
- 3,993 Housing Choice Voucher (HCV) program participants (.22 percent of HCV households and 12 percent of all over income households), and
- 118 Project Based Voucher (PBV) assisted residents (0.2 percent of all PBV households and 0.35 percent of all over income households).

#### Why Do Most Over Income Households Live in Public Housing?

- Mixing Incomes Help Sustain and Preserve Public Housing:

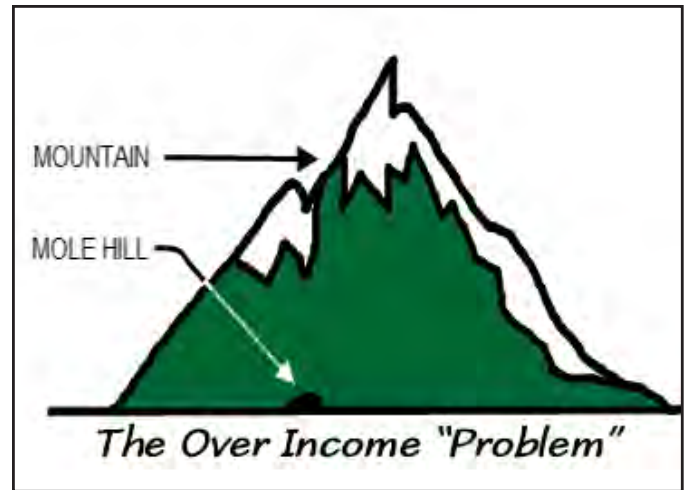
For at least 25 years, housing policy (e.g. HOPE VI,

targeting requirements) has encouraged increasingly mixed incomes in public housing properties.

- Despite this aim to diversify incomes in public housing properties, the national average family annual income among different programs are strikingly similar:
  - o Public Housing Average Annual Income: \$13,967.
  - o HCV Program Average Annual Income: \$13,062.
  - o PBV Program Average Annual Income: \$12,343.

### What are the Effects of Over-Income Families?

- In the HCV program, 6 months after a subsidy reaches \$0, usually when families' incomes reach approximately 60 percent of AMI, agencies terminate the voucher. The family may continue its tenure as a standard, unsubsidized tenant in their housing.
- In the public housing program, as incomes rise families may select "flat rents" (rents set at the market value of their public housing apartment) when those rents are lower than their income based rents. Their housing subsidy should effectively become \$0 per month since Operating Fund formula caps per unit revenue much lower than local low cost rental housing markets. As with voucher holders, public housing residents paying appropriately set flat rents receive no ongoing subsidy and may continue to reside in their public housing home.
- With over 7,000 public housing properties, only 4 households per property have incomes over 80 percent of AMI.
- These residents are examples of success both of the family and of public housing in encouraging increasing self-sufficiency. They serve as community models and often as community leaders.



- Alternative policies will punitively force these families to move involuntarily, unlike the Section 8 programs.
- Market rate flat rents require over income families to pay rents in excess of the per unit revenue determined by the Operating Fund formula. Thus, these households pay all of the costs associated with their housing, and pay additional rent that helps support public housing properties generally.

### Congress and HUD Should Leave Existing Policies in Place

Existing policies help

- Maintain the modest income diversity in public housing properties.
- Offer agencies a modest revenue stream to support public housing when HUD and Congress are not doing so.
- Retain successful public housing residents who were income eligible at admission and have succeeded in increasing family income while living in public housing.
- Retain public housing residents who may have become leaders in their communities.
- Offer positive models of success to other public housing residents.

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**Public Housing Authorities Directors Association**

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