

## **Affordable Housing Study Reports**

### **9. Federal Role in Affordable Housing**

Even in Massachusetts where the state has assumed a large role in providing affordable housing, federal government funds assist over 70% of the affordable subsidized units in the state in addition to regulating the vast majority of housing programs. This aligns well with the position of the League of Women Voters of the United States, which states, “The responsibility for achieving national housing goals rests primarily with the federal government.” The League position recommends a series of principles for implementation by all levels of government, including incentives to local jurisdictions.

Seven major federal housing programs provide assistance to over 163,000 households.

- Section 8 rental vouchers assisted 68,600 households in 2005.
- Long-term rental and/or interest subsidies have helped fund almost 800 private multifamily housing developments with 76,000 affordable units for disabled or elderly persons or families.
- The U.S. government has built 33,500 units of public housing in Massachusetts and provides funds annually to maintain them.
- Block grants which may be allocated toward housing needs go to the state, two regions and 35 larger cities and towns as Community Development Block Grants (CDBG) and HOME Block Grants. The total amount was \$172 million in 2005.
- Grants for about 80 units a year are given for new elderly and disabled housing.
- Federal grants for homeless persons’ temporary housing and services have risen to about \$60 million per year.
- Housing and service programs for those with HIV/AIDS were funded with about \$4 million in federal grants in 2005.

In addition, the federal government’s data and eligibility guidelines are usually adopted for use by housing programs developed under state or private auspices. For example, median incomes and fair market rents are tracked and updated annually by the U.S. Census according to areas they establish (there are 20 areas in Massachusetts). Poverty-level guidelines that affect many assistance programs are also federally determined. The Massachusetts Department of Housing and Community Development (DHCD) and Local Housing Authorities (LHAs) administer most federal programs.

A declining level of federal support for affordable housing in recent years, coupled with policy shifts, have had large impacts in Massachusetts. Funding for public housing has been steadily cut since 2001. Funding for Section 8 vouchers did not increase to account for inflation and higher rents so that appropriated funds covered fewer households than in the past. Support for home ownership programs (which serve fewer people) has grown modestly at the expense of rental assistance. Smaller grants have been consolidated and local authorities have been given greater discretion in how funds are dispersed along with requirements for five-year plans and annual performance reports.

Federal housing support targeted to low-income households may be compared to other policies that benefit primarily moderate and high-income homeowners. Tax revenue costs from income tax deductions related to housing ownership (mortgage interest, etc.) were estimated by Congress in 2005 to amount to \$147 billion. John Quigley of the University of California stated, “More than half of these benefits for homeowners accrue to the top 15% of the income distribution.” Federal programs managed by the Department of Housing and Urban Development, principally benefiting low-income households, were about \$41 billion during 2005.

### **Sources**

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League of Women Voters of the United States. “Impact on Issues, 2004-2006. A Guide to Public Policy Positions,” p. 73, <http://www.lwv.org/AM/Template.cfm?Section=Home&section=ImpactIssues&template=/CM/ContentDisplay.cfm&ContentFileID=1228>.

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U.S. Department of Housing and Urban Development. <http://www.hud.gov/>