



UP FOR GROWTH[®] LEGISLATIVE BRIEF

S. 3083, Family Stability and Opportunity Vouchers Act of 2019

Sen. Todd Young (R-IN) and Sen. Chris Van Hollen (D-MD)

Megan Vickery, Public Policy Intern
Melissa Winkler, Manager of Policy & Research

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INTRODUCTORY NOTE

In the following pages, we analyze S. 3083, the Family Stability and Opportunity Vouchers Act of 2019. Our analysis considers the specific provisions laid out in the bill and the potential impact of the bill's program on low-income families. This work is done by Up for Growth, a 501(c)(3), and is not intended to serve as an endorsement of any specific legislation.

BACKGROUND

The United States is experiencing a severe housing crisis: from 2000-2015, housing production fell short by 7.3 million homes relative to need (Up for Growth, 2018). This deficit has countless negative impacts, including rising rental costs and diminishing access to quality jobs and education, as a skewed market makes building homes in high-opportunity neighborhoods more expensive (Joint Center, 2019). These negative impacts are disproportionately shouldered by low-income households: more than 47% of the nation's 44 million renter households are cost-burdened, paying more than 30% of income on rent, and are often shut out from homes in areas connected to jobs, transit, and amenities (Joint Center, 2019).

Of the 17 million households that qualify for but do not receive housing assistance, 37% are families with children under the age of 18 (Sandel, 2018). The long-term negative impacts associated with housing instability, including detriments to physical and mental health, educational opportunities, and economic outcomes, are felt most acutely by children who grow up without access to quality homes (Erb-Downward & Watt, 2018; Chetty, Hendre, & Katz, 2015; Shonkoff & Garner, 2012). Indeed, studies have shown that high levels of stress and adversity in early childhood can significantly contribute to increased risk of learning and behavioral impairment, developmental disorder, and decreased overall health and well-being (Orr, 2003). Cost-burdened families often must make difficult trade-offs when faced with impending rent and utility bills and high costs of medical treatment, all of which worsens adverse effects. Rental assistance vouchers can help mitigate risks of toxic stress and the need for such trade-offs because they help ensure stable shelter and allow for more of a family's income to be available for non-housing essentials like food, transportation, clothing, and health care.

Place plays a significant role in health, education, and economic outcomes. Even when low-income families can consistently pay rent, they are often pushed to do so in unstable housing conditions and low opportunity neighborhoods. The lasting impacts of segregation and exclusionary zoning have concentrated poverty into discrete areas, leaving low-income families and individuals cut off from job centers, without access to

LEGISLATIVE ANALYSIS CONTACTS

Mike Kingsella

Executive Director
Up for Growth[®]
mkingsella@upforgrowth.org
202-716-2064 x1

Melissa Winkler

Manager of Policy & Research
Up for Growth[®]
mwinkler@upforgrowth.org
202-716-2064 x4

high-quality education made possible by high property taxes, and more susceptible to environmental dangers such as lead contamination and pollution. The consequences of these inequities are particularly acute for young children growing up in unstable housing situations. Originally, zoning laws were designed to exclude black and minority communities, and these communities still experience disproportionate negative impacts today.

Outcomes of programs like the Moving to Opportunity (MTO) experiment of the 1990s, which provided Housing Choice Vouchers and mobility counseling to low-income families on the condition that voucher holders move to a higher opportunity neighborhood with a poverty rate below 10%, confirm many place-based assumptions. The most recent research on MTO indicates significant long-term impacts of the program: younger children (age 8 on average) who moved to high-opportunity neighborhoods were more likely to attend college and were estimated to see their total lifetime earnings increase by about \$302,000 (Chetty, Hendre, & Katz, 2015). The age of exposure is critical — children aged 13 and up experienced neutral and even slightly negative economic outcomes on average, likely due to the disruptive nature of a move at this age. That being said, the study found no “critical age” at which a child is best suited to move. Indeed, the positive effects increase with every extra year a child spent in the new neighborhood (Chetty, Hendre, & Katz, 2015).

The Family Stability and Opportunity Vouchers Act follows in MTO’s footsteps and would provide incremental vouchers to unstably housed families with young children to move to higher opportunity areas with access to quality schools. Voucher recipients would also have access to mobility counseling services to ease the search and leasing process.

LEGISLATIVE SUMMARY

The Family Stability and Opportunity Vouchers Act seeks to amend Section 8 of the Housing Act of 1937 to include a new program which would aid families with children living in poverty-concentrated areas in moving to higher opportunity neighborhoods. More specifically, the bill includes provisions to:

1. Create and fund 500,000 vouchers (100,000 per year), one-time mobility-related services, and program administration costs over the period 2020-2024. The vouchers would function analogously to the existing Section 8 program and cover the difference between 30% of the family’s income and the fair market rent.
2. Define program eligibility criteria to households that:
 - a. Include a pregnant woman or a child younger than six, and
 - b. Are experiencing homelessness or housing instability, or
 - c. Are living in a poverty-concentrated area (defined as a census tract with a poverty rate of over 30%) or are at risk of displacement from a to-be-defined “opportunity area for children.”
3. Require local Public Housing Agencies (PHAs) distributing the vouchers to offer mobility-related services to each recipient to assist them in moving to a higher opportunity area with access to a high-quality school system. While all voucher recipients must be offered these services, these services are optional and families who choose not to participate will not lose their program eligibility.
4. Additionally, require selected PHAs to adopt mobility-related policies at the local level.
5. Distribute vouchers to PHAs with a preference towards those that partner with organizations providing home visitation services.

LEGISLATIVE ANALYSIS

Place is critical to economic and social outcomes, but too often low-income families and individuals are priced out of high- opportunity, economically strong areas because homes in these areas are too expensive. Concentrated poverty

and housing instability have acute negative impacts across all metrics — from education to health to job opportunities (Turner & Rawlings, 2005). Housing Choice Vouchers are an important tool for providing stable homes while also allowing recipients to maintain agency in their housing decisions, but the mobility vouchers created by S. 3083 provide additional support for economic and social advantages. The bill's provisions for counseling and support with the housing search and moving process will help mitigate the burden and challenges families face as they move to new neighborhoods. Mobility services have been shown to be critical in helping families access high opportunity neighborhoods and the resulting health, education, and economic benefits of these areas. The bill also offers support to families currently living in neighborhoods that are transitioning into higher opportunity areas. Providing vouchers to these families can help mitigate displacement for those at risk.

Looking to the positive long-term impacts of the MTO program, we can expect that this bill will have similar positive economic and social outcomes, which are important for both household budgets and the wider economy. As previously mentioned, young children who moved to high-opportunity neighborhoods in the MTO experiment saw an increase in lifetime income, which carries important implications for federal tax revenue: children who moved prior to age 13 went on to pay an “extra \$394 per year in federal income taxes in their mid-twenties” which, if continued, would pay for the additional cost incurred by funding the experimental voucher as compared to supplying access to public housing (Chetty, Hendre, & Katz, 2015). As such, the monetary investment associated with the Family Stability and Opportunity Voucher Act, in the long run, can be expected to produce economic benefit for both individual participants and the federal government. The positive impacts of mobility vouchers often take many years to be fully realized, because the metrics rely on children in the program growing up and entering the labor market. Therefore, extending the program's appropriation beyond five years will offer greater opportunity to maximize the economic and social benefits of the program.

Research conducted on the Moving to Opportunity voucher program indicates that the efficacy of success depends largely on families relocating to higher opportunity neighborhoods (Chetty, Hendre, & Katz, 2015). While this bill's mobility vouchers encourage and assist with relocation, requiring recipients to relocate may help maximize the impact of the program. The mobility services provided by MTO meant that half of the voucher recipients were able to move to higher opportunity areas. Mandating mobility, of course, would increase this percentage. On the other hand, this requirement may limit program use or prove too burdensome for voucher recipients.

Finally, the mobility vouchers created by S. 3083 may suffer from some of the shortfalls of Section 8 vouchers — namely an inadequate supply of affordable units to rent and limited program participation from landlords. The lack of affordable housing — particularly in high-opportunity areas — has many causes, but voucher holders often struggle to find units. HUD can mitigate this problem by ensuring sufficient and expanded resources for the voucher program to cover rental costs across a variety of housing submarkets, namely raising the voucher cap in high costs areas. However, intervention elsewhere in the housing market is necessary to ensure an adequate supply of affordable homes and to support competitive voucher allocation. To encourage greater uptake by landlords, HUD can consider a few options, including providing outreach to and counseling for landlords to navigate the program. Incentives to landlords to help cover the cost of inspections or to help create momentum around participation may also be helpful. Beyond this, state, local, and federal laws that explicitly address source of income discrimination in “mobility-related policies” can help ensure that more voucher recipients find homes.

Overall, mobility vouchers offer critical assistance to low-income families seeking housing stability. The vouchers offer access to homes in higher opportunity areas, and the economic and social mobility impacts of relocation to these areas has been well documented in analogous mobility voucher programs, namely Moving to Opportunity. Voucher programs provide low-income families with access to quality housing which in turn leads to improved economic and social outcomes.

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Up for Growth® is a 501(c)(3) pro-housing policy and research member network that forges policies and partnerships to achieve housing equity, eliminate systemic barriers, and create more homes.

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1875 K STREET NW, 4TH FLOOR, WASHINGTON, DC 20006 | 202.716.2064 | UPFORGROWTH.ORG | SUPPORT@UPFORGROWTH.ORG