FIRST FOCUS
MAKING CHILDREN & FAMILIES THE PRIORITY

FOUNDATION FOR CHILD DEVELOPMENT

First Focus Policy Recommendations: Housing Stability

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ABOUT THIS SERIES:

When the economy takes a downturn, it often hits the most vulnerable children and families the hardest. The recent recession is no exception. In their paper, "The Effect of Recession on Child Well-Being: A Synthesis of the Evidence by PolicyLab, Children's Hospital of Philadelphia," Katherine Sell and colleagues at PolicyLab at The Children's Hospital of Philadelphia (CHOP) Research Institute synthesize evidence of the effects of the recent and prior recessions on child well-being.

Among their takeaway messages is that it takes years post-recession for families to bounce back to pre-recession income levels, and low-income families take even longer to rebound. A second key finding is that public programs play a pivotal role in blunting the negative impacts of a recession.

As the economy weakens and state and local revenues dwindle, the need for public programs grows. The federal government can help by bolstering public programs and supporting states in their efforts to meet the needs of children and families.

This series of policy briefs will consider the role of public programs in the process of economic recovery and provide recommendations for improving the provision of services to vulnerable children and families as we bounce back from the most recent recession.

Approximately 43 percent of families with children now report that they are struggling to afford shelter[1] Safe and stable housing is essential to the healthy growth of children. As Sell and colleagues point out, a large body of research links inadequate or insecure housing to negative outcomes for children.

Homelessness is perhaps the clearest marker of housing instability. Every year, about 10 percent of all children in poor families will experience homelessness at some point. Children need safe and stable housing in order to thrive[2] and while children who become homeless may face some unique challenges, the evidence suggests that housing instability is detrimental even if it does not lead to actual homelessness.

The response of federal, state, and local government to the housing needs of families can have a strong effect on how the recession impacts children. To date, a number of states have been able to use funds from a $5 billion Temporary Assistance for Needy Families (TANF) Emergency Fund to address homelessness.[3] However, restrictions on the use of these funds (e.g., they must be for short-term, non-recurrent benefits) could lessen their effectiveness as a tool for creating housing stability for families.

In addition to emergency TANF funds, The American Recovery and Reinvestment Act (ARRA) included $1.5 billion for a Homelessness Prevention and Rapid Re-Housing Program,[4] designed to provide families with housing search assistance, temporary rental assistance, and funds to cover security deposits and other one-time or short-term costs associated with securing housing[5] ARRA also provided funds for capital improvements to public housing; low-income housing tax credit programs; additional community development block grants; neighborhood stabilization efforts; and a variety of other projects and programs administered by the Department of Housing and Urban Development (HUD).[6] While the effects of these investments are not yet clear - as Sell and colleagues note - compared to the expansions in benefits to individuals and aid to states in the areas of food security and health, ARRA includes relatively little in the way of immediate housing assistance to low-income families and children.

Moving forward, as families attempt to recover from the economic downturn, providing access to safe, stable and affordable housing for those in need is critical. First Focus believes that the federal government can do more for families and should provide much needed housing assistance to vulnerable children and families.

Housing Choice Vouchers Program (Section 8)

The federal Housing Choice Vouchers Program, also known as Tenant-Based Rental Assistance or Section 8, helps to protect children from excessive mobility and homelessness and is the federal government's largest low-income housing assistance program. The program, which provides approximately 2 million low-income families with vouchers to help offset the cost of private market housing, has not kept pace with need in recent years. [7,8] While low-income households may be eligible for housing subsidies to help make up the difference in rent costs, there is a significant gap between the supply of housing vouchers for low-income renters and the demand for assistance among low-income households.

Section 8 has been a critical life-line for low-income families as it has allowed families to afford decent and safe housing. The rental subsidy provided through Section 8 effectively addresses housing needs and helps keep welfare families adequately housed. In fact, an independent study on the impact of Section 8 found that the low-income families in the control group (not receiving Section 8) were three times more likely to stay in "doubled up" situations and four times more likely to have stayed in a shelter or on the streets than those receiving the vouchers. [9]

The program received an $840 million temporary increase through ARRA. Given the toll the current recession has taken on the housing stability of our nation's most vulnerable children and families, it is important to maintain a steady stream of funding for this program. The President's fiscal year 2011 budget proposed a boost in funding of about $1.4 billion. Congress should appropriate this amount for the program.

Keeping Public Housing Accessible

It is clear that we are in the midst of a severe housing downturn and the onset coincided roughly with the start of the recent recession. Of particular concern is the high rate of foreclosures and other housing problems among families with children. As Sell and colleagues point out, housing instability among families with children was high going into the recession, and efforts to counter the worst effects of the downturn may not address underlying affordability issues. Contrary to what has occurred in the realm of health insurance, where pre-recession investments in Medicaid and CHIP blunted the impact of the economic downturn on health insurance coverage for children, the absence of federal support for rental assistance in the years leading into the recession have left low-income families especially vulnerable to housing problems.

The recession has shown the importance of having a coordinated system of public supports that are easy to understand and access and responsive in hard economic times. As a result of the economic downturn, our nation's safety net has been tested and the varying levels of responsiveness among public assistance programs have been cause for concern. Specifically, the take-up rate for welfare receipt – tied to work requirements - has hardly moved since the beginning of the recession. By contrast, the SNAP program – food stamps – is up by about 30 percent since the recession began and now helps some 37 million people. The number of new SNAP recipients is about 35 times the number of new welfare recipients.[10]

Government programs must to be responsive to the needs of families, and burdensome eligibility requirements have meant that some programs have simply not kept pace with public demand. As we recover from the recent recession, it is critical that we expand the stock of affordable and accessible housing for families with children. The federal government should ensure that federal housing assistance in whatever form is accessible to all who need it and free from overly burdensome eligibility requirements.

National Housing Trust Fund (NHTF)

The NHTF was created in 2008 to address the severe shortage of affordable rental homes for very low-income families, but to date has not been funded by Congress. According to the National Low Income Housing Coalition, there are currently only 37 affordable rental homes available for every 100 households with incomes below 30% of their area median. Such scarcity of housing for the lowest income families in America is a direct cause of homelessness.[11]

The President's fiscal year 2010 and 2011 budgets proposed funding for this program, but his requests have not been enacted. We support the President's request to capitalize this much-needed fund.

Foreclosures and Children

As Sell and colleagues note, the recent recession will be remembered for the unprecedented rates of foreclosures building on a pre-recession trend towards housing unaffordability (for both renters and buyers). A 2008 First Focus report estimated that as families lost their homes to foreclosures on subprime loans, 2 million children would be affected.[12] Since the foreclosure crisis has continued to worsen over the last two years, it is very likely that the number of children affected has increased.

Sell and colleagues discuss a number of key studies which highlight the impact of the recent recession and foreclosures on children. One such study, which looked at the health status of people experiencing foreclosure in the Philadelphia region, found that foreclosures tend to affect already-vulnerable groups, including the poor and families with children.[13] When foreclosures are concentrated in densely populated neighborhoods, as has been the case in the recent recession, area conditions deteriorate in ways that affect children's health and well-being. Concentrated foreclosures, particularly in inner-city areas, have also been found to lower property values and decrease local services for residents.[14] Housing counseling organizations around the country should be aware that foreclosures are often targeted in specific neighborhoods.

Many states have reported double-digit increases in the homeless shelter population, with a particular surge among families with children.[15] In addition to increases in the number of homeless families with children, there has been a shift in the types of shelter accommodations these families utilize. Increases in family use of homeless shelters between 2007 and 2008 were comprised of both increases in the use of emergency shelters and transitional housing.[16] Between 2008 and 2009, the increase in sheltered homeless families was almost solely attributable to increased use of emergency shelters, which tend to be more crisis-driven and less oriented towards getting a family into an affordable home. Research has offered compelling evidence for the impact of family financial troubles on children, suggesting that mobility is most detrimental to children and youth when a family's move is "reactive instead of strategic."[17]

As we navigate the current foreclosure crisis, we must take into account the potential implications of housing-related policies on child well-being.

Homelessness

The recession has seen an unprecedented increase in child and youth homelessness. We urge Congress to expand the Homelessness Prevention and Rapid Re-Housing Program. ARRA included $1.5 billion for a Homelessness Prevention Fund. Funding for this program is being distributed based on the formula used for the Emergency Shelter Grants (ESG) program.

The number of homeless students in the public school system has increased for the second year in a row and by 41% over the past two years. Congress recognized the impact of the economic crisis on child and youth homelessness, and the role of public schools in responding to it by providing a one-time federal funding increase for school-based efforts to identify and support homeless children in ARRA.

Congress should maintain ARRA-level funding for the McKinney-Vento Act's Education for Homeless Children and Youth (EHCY) program in fiscal year 2011 and appropriate at least $140 million (the combined amount for ARRA and EHCY appropriations). This funding will allow school districts to continue to a minimum level of support to ensure that children and youth who lose their housing do not also lose access to school.

TANF Emergency Contingency Fund (ECF)

The TANF Emergency Fund passed in early 2009 as part of ARRA and was designed to help states deal with the influx of families in need due to the recession. It is probably most known for its role in creating subsidized employment on the state level, but the Emergency Fund was also used to help states provide cash assistance to low-income families and provide critical short-term rental assistance to families experiencing a housing crisis.

Despite its successes, Congress allowed the TANF ECF to expire as of September 30, 2010. The Administration has requested an extension of this funding through 2011. Given that both the unemployment rate and child poverty rate are projected to remain high through the next year, we support the renewal of this important program.

Endnotes:

1 Federal Interagency Forum on Child and Family Statistics. *America's children in brief: Key national indicators of well-being.* Washington, DC: U.S. Government Printing Office.;2010.

2 Surgeon General (2009). The Surgeon General's Call to Action to Promote Healthy Homes.

3 Schott, L. (2010). Using TANF emergency funds to help prevent and address family homelessness. Center on Budget and Policy Priorities.

4 P.L. 111-5, Title XII.

5 CBPP

6 P.L. 111-5.

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8 Rice D, Sard B. *Decade of neglect has weakened federal low-income housing programs.* Washington, DC: Center on Budget and Policy Priorities;2009.

9 Wood, M., Turnham, J. and Mills, G. (2008). Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation. Housing Policy Debate, Volume 19 Issue 2. Metropolitan Institute at Virginia Tech.

10 Edelman, P. B. (2010). TANF and Low-Income Family Support: Hearing Before the H. Subcomm. on Income Security and Family Support of the H. Comm. on Ways and Means, 111th Cong., Mar. 11, 2010 (Statement of Professor Peter B. Edelman, Geo. U. L. Center).

11 National Housing Trust Fund.

12 Lovell, P. and Isaacs, J. (May 2008). The impact of the mortgage crisis on children. A First Focus policy brief.

13 Pollack C, Lynch J. Health status of people undergoing foreclosure in the Philadelphia region. *American Journal of Public Health.* 2009;99(10):1833-1839.

14 Lin Z, Rosenblatt E, Yao W. Spillover effects of foreclosures on neighborhood property values. *Journal of Real Estate Finance and Economics.* 2009;38:387-407.

15 Sard B. *Number of homeless families climbing due to recession.* Washington, DC: Center on Budget and Policy Priorities;2009.

16 Cortes A, Khadduri J, Buron L, Culhane D. *The 2009 annual homeless assessment report to Congress.*2010.

17 Comey, J. and Grosz, M. Smallest Victims of the Foreclosure Crisis: Children in the District of Columbia. Urban Institute.