

# NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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### A Review of the Report: “HUD Investments in Impoverished Areas”

#### Background

In the FY2020 appropriations bill, Congress requested federal agencies report on the percentage of funds allocated by each program, between fiscal years 2017 and 2020, to two types of impoverished communities: **persistent poverty counties and high-poverty areas**. A persistent poverty county is defined as “a county that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the most recent Small Area Income and Poverty estimates.” A high-poverty area: “any census tract with a poverty rate of at least 20 percent as measured by the 2013–2017 five-year data series available from the American Community Survey of the Census Bureau.”

In June, HUD’s Office of Policy Development and Research (PD&R) published a comprehensive report, titled: [\*HUD Investments in Impoverished Areas\*](#). To compile this report, HUD analyzed 13 programs, which combined to represent around 94 percent of HUD’s discretionary funding in FY20. In this report, HUD provides that about 13 percent of all counties in the United States are persistent poverty counties and about 25 percent of all census tracts are high-poverty areas. In terms of their overlap, 13 percent of the census tracts defined as high-poverty areas are in persistent poverty counties. Based on population, HUD provides that slightly under 9 million people live in persistent poverty counties and around 74 million people live in high-poverty areas.

Below, **Exhibit 1** provides an overall snapshot, by HUD program, of the average share of funding between 2017 and 2020 used in high-poverty areas and persistent poverty counties. The report states, “Across all programs, HUD funding was more likely to be used in high-poverty areas (census tracts) than in persistent poverty counties.... the share of funding used in persistent poverty counties was in the range of 6 to 10 percent, while the share of funding used in high poverty areas was in the range of 40 to 60 percent. The public housing program had the highest share of funding in persistent poverty counties (13.6 percent) and high-poverty areas (77.3 percent). By contrast, only 2.2 percent of FHA Mortgage Insurance was used in persistent poverty counties and only 12.6 percent was used in high-poverty areas. The different spatial distribution of funding among programs largely reflects different allocation formulae and targeting.”

This NAHMAanalysis only examines the findings on the amount of funding in both persistent poverty counties and high-poverty areas from HUD’s major rental assistance programs



(Housing Choice Vouchers, Project-based Section 8, Section 202, and Section 811) and a few other affordable housing programs (HOME Investment Partnerships, Housing Trust Fund, and Public Housing).

**Exhibit 1. Average Share of HUD Funds Used in Persistent Poverty Counties and High-Poverty Areas, by Program, Fiscal Years 2017-20**

Program Name	Persistent Poverty Counties	High-Poverty Areas
Housing Choice Voucher – Tenant-based	7.6%	46.6%
Housing Choice Voucher – Project-based	8.9%	58.8%
Public Housing	13.6%	77.3%
Project-Based Rental Assistance	6.1%	54.3%
Supportive Housing for the Elderly (Section 202)	8.8%	45.9%
Housing for Persons with Disabilities (Section 811)	6.2%	41.0%
FHA Basic Home Mortgage Loan Program	2.2%	12.6%
Community Development Block Grant	7.4%	51.3%
Home Investment Partnerships Program (HOME)	7.9%	43.5%
Emergency Solutions Grants (ESG)	6.3%	-
Housing Opportunities for Persons with AIDS (HOPWA)	<1%	-
Self-Help Homeownership Opportunity Program	-	-
Housing Trust Fund	-	-
Indian Housing Block Grants (IHBG)	-	-
Indian Community Development Block Grant (ICBDG)	-	-

*Note: These data are either averages across several years or the most recent year of data, whichever is available. A dash means data were not available for this analysis.*

## Analysis of HUD Rental Assistance Programs

For each rental assistance program, this report presented available data on the share of funds going to persistent poverty counties and high-poverty areas over time, from 2017 to 2020 (when available). The data source for HUD’s analysis of HCV funding is HUD’s Public Housing Information Center, now IMS/PIC. IMS/PIC provides household-level data on the monthly Housing Assistance Payments (HAPs) that PHAs make on behalf of HCV-assisted households, geocoded to where each household lives. The data source for HUD’s analysis of PBRA, Section 202, and Section 811 funding is HUD’s Tenant Rental Assistance Certification System (TRACS). TRACS provides household-level data on the monthly amount paid by HUD to the owner, geocoded to where each PBRA-assisted household lives. For the rental assistance programs, HUD used the third quarter of each year as the basis for comparison.

### **Housing Choice Voucher (HCV) Program**

In 2020, the report states around 2.3 million families were served through the HCV program (including tenant-based (TBVs) and project-based vouchers (PBVs)), with an average income of \$15,202. The average HUD expenditure was \$834 per unit per month. Of the overall number of families in the HCV program, around 230,000 families have PBVs as of 2020. The report states, “Due to the size of the programs, TBVs (approximately 90 percent of the HCV program) and PBVs (approximately 10 percent of the HCV program) may be analyzed separately. Both **Exhibits 4 and 5** show that an average of 46.7 percent of TBV funding was used in high-poverty areas between 2017 and 2020, while an average of 8.5 percent of TBV funding was used in persistent poverty counties. **Exhibits 6 and 7** show the distribution of PBV funds in the areas of interest, with an average of 58.9 percent of PBV funding used in high-poverty areas and an average of 8.8 percent used in persistent poverty counties.”



**Exhibit 4: Percentage and Dollar Amount of Tenant-Based Voucher Funding in Persistent Poverty Counties**

Year	Percent of Funding	Dollar Amount
2017	7.8%	\$88,713,020
2018	7.7%	\$95,948,116
2019	7.5%	\$105,070,596
2020	7.5%	\$99,722,444

Source: 3<sup>rd</sup> quarter extracts from PIC database.

Notes: This table does not include data from PHAs participating in MTW.

**Exhibit 5: Percentage and Dollar Amount of Tenant-Based Voucher Funding in High-Poverty Areas**

Year	Percent of Funding	Dollar Amount
2017	46.7%	\$535,482,668
2018	46.6%	\$586,984,874
2019	46.5%	\$654,552,389
2020	46.6%	\$628,889,399

Source: 3<sup>rd</sup> quarter extracts from PIC database.

Notes: This table does not include data from PHAs participating in MTW.

Both **Exhibits 6 and 7** show the distribution of PBV funds in the areas of interest, with an average of 58.9 percent of PBV funding used in high-poverty areas and an average of 8.8 percent used in persistent poverty counties

**Exhibit 6: Percentage and Dollar Amount of Project-Based Voucher Funding in Persistent Poverty Counties**

Year	Percent of Funding	Dollar Amount
2017	7.8%	\$5,519,790
2018	8.5%	\$8,065,176
2019	9.6%	\$12,072,662
2020	9.6%	\$11,349,530

Source: 3<sup>rd</sup> quarter extracts from PIC database.

Notes: This table does not include data from PHAs participating in MTW.

**Exhibit 7: Percentage and Dollar Amount of Project-Based Voucher Funding in High-Poverty Areas**

Year	Percent of Funding	Dollar Amount
2017	57.8%	\$36,375,575
2018	58.5%	\$56,022,606
2019	59.7%	\$75,496,050
2020	59.4%	\$70,662,237

Source: 3<sup>rd</sup> quarter extracts from PIC database.

Notes: This table does not include data from PHAs participating in MTW.

**Project-Based Rental Assistance (PBRA)**

In 2020, HUD served 1.2 million households through the PBRA program, with an average income of \$12,279. The average HUD expenditure was \$867 per unit per month. The report states, “As with other housing subsidy programs, PBRA does not include poverty as a factor in where the units are located or created. While the program is targeted to very low-income families, the relationship between the program and high poverty areas or persistent poverty counties is incidental. Both **Exhibits 8 and 9** show the distribution of PBRA funds to persistent poverty counties and high poverty areas. An average of 54.6 percent of funding went to high-poverty areas, while an average of 6.2 percent of funds went to persistent poverty counties.”



**Exhibit 8: Percentage and Dollar Amount of PBRA Funding in Persistent Poverty Counties**

Year	Percent of Funding	Dollar Amount
2017	6.2%	\$45,790,976
2018	6.1%	\$53,047,381
2019	6.0%	\$58,677,867
2020	5.9%	\$62,249,369

Source: 3<sup>rd</sup> quarter extracts from TRACS database.

**Exhibit 9: Percentage and Dollar Amount of PBRA Funding in High-Poverty Areas**

Year	Percent of Funding	Dollar Amount
2017	54.1%	\$404,213,100
2018	54.4%	\$476,008,039
2019	54.4%	\$537,941,091
2020	54.5%	\$581,228,570

Source: 3<sup>rd</sup> quarter extracts from TRACS database.

**Supportive Housing for the Elderly (Section 202)**

In 2020, the Section 202 program served around 122,000 households who had an average income of \$14,109. The average expenditure by HUD was \$442 per unit per month. The report states that, “Any relationship between the allocation of Section 202 and persistent poverty is indirect... Both **Exhibits 10 and 11** show the percentage of Section 202 funds in persistent poverty counties and high-poverty areas. An average of 46 percent of funding went to high-poverty areas, while an average of 8.8 percent of funds went to persistent poverty counties.”

**Exhibit 10: Percentage and Dollar Amount of Section 202 Funding in Persistent Poverty Counties**

Year	Percent of Funding	Dollar Amount
2017	8.6%	\$3,419,165
2018	8.5%	\$3,977,188
2019	8.6%	\$4,468,167
2020	9.5%	\$5,209,650

Source: 3<sup>rd</sup> quarter extracts from TRACS database.

**Exhibit 11: Percentage and Dollar Amount of Section 202 Funding in High-Poverty Areas**

Year	Percent of Funding	Dollar Amount
2017	45.7%	\$18,336,949
2018	45.8%	\$21,720,888
2019	45.9%	\$24,085,052
2020	46.3%	\$25,588,111

Source: 3<sup>rd</sup> quarter extracts from TRACS database.

**Supportive Housing for Persons with Disabilities (Section 811)**

In 2020, the Section 811 program served around 32,000 households who had average incomes of \$12,279. The average HUD expenditure for these households was \$477 per unit per month. The report states, “Any relationship between Section 811 funding allocation and persistent



poverty is indirect...Both **Exhibits 12 and 13** show the show the percentage of Section 811 funds in persistent poverty counties and high-poverty areas. An average of 41.2 percent of funding went to high-poverty areas, while an average of 6.3 percent of funds went to persistent poverty counties.”

***Exhibit 12: Percentage and Dollar Amount of Section 811 Funding in Persistent Poverty Counties***

Year	Percent of Funding	Dollar Amount
2017	6.3%	\$680,811
2018	6.1%	\$786,029
2019	6.3%	\$934,842
2020	6.3%	\$979,322

*Source: 3<sup>rd</sup> quarter extracts from TRACS database.*

***Exhibit 13: Percentage and Dollar Amount of Section 811 Funding in High-Poverty Areas***

Year	Percent of Funding	Dollar Amount
2017	40.7%	\$4,448,500
2018	41.0%	\$5,300,109
2019	41.3%	\$6,123,663
2020	41.2%	\$6,493,968

*Source: 3<sup>rd</sup> quarter extracts from TRACS database.*

## **Analysis of HUD Affordable Housing Programs**

### ***HOME Investment Partnerships***

The data source for the analysis of the HOME program is the Integrated Disbursement and Information System (IDIS). IDIS collects data on the grant programs administered by HUD’s Office of Community Planning and Development (CPD). HOME funds are allocated using a formula designed to reflect relative housing need. Forty percent of the funds are allocated to states, and 60 percent is allocated to units of general local government that are known to the program as participating jurisdictions (PJs). Appropriated funds for HOME in FY2020 totaled just over \$1.1 billion. The report states, “Analysis of a cumulative dataset that includes HOME activities from FY2017 through FY2020, we estimate that 7.9 percent of HOME funding was used in persistent poverty counties and 43.5 percent was used in high-poverty areas, a similar distribution to the CDBG program.”

### ***Housing Trust Fund (HTF)***

The Housing Trust Fund is a mandatory program authorized by the Housing and Economic Recovery Act of 2008 and funded through assessments from the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The report states, “Poverty is not a consideration in the HTF formula. Funds are disbursed at the state and/or regional level rather than targeted to census tracts or metropolitan areas experiencing persistent poverty...HUD does not collect data on the counties or Census tracts where HTF funds are used.”



## Public Housing

In 2020, HUD served nearly 900,000 families through the public housing program, with an average income of \$15,521. The average HUD expenditure was \$732 per unit per month. The report states, “There is no direct mandate to provide any minimum of funds to counties or areas evidencing high or persistent levels of poverty. However, given that public housing assistance is targeted to families with income below the poverty line, there may be significant overlap between areas experiencing high or persistent poverty and areas with public housing.... As shown in **Exhibits 2 and 3**, high-poverty areas receive a much higher proportion of public housing funding than persistent poverty counties, although the proportion of funding in persistent poverty counties is higher for public housing than any other program.”

**Exhibit 2: Percentage and Dollar Amount of Public Housing Funding in Persistent Poverty Counties**

Year	Percent of Funding	Dollar Amount
2017	13.4%	\$758,947,037
2018	13.5%	\$889,698,552
2019	13.7%	\$905,337,507
2020	13.9%	\$1,019,136,508

Source: HUD tabulations of Picture of Subsidized Households data.

Notes: This table does not include data from PHAs participating in the Moving To Work (MTW) demonstration.

**Exhibit 3: Percentage and Dollar Amount of Public Housing Funding in High-Poverty Areas**

Year	Percent of Funding	Dollar Amount
2017	76.8%	\$4,173,883,213
2018	77.5%	\$5,126,250,732
2019	77.4%	\$5,146,105,601
2020	77.6%	\$5,713,408,150

Source: HUD tabulations of Picture of Subsidized Households data.

Notes: This table does not include data from PHAs participating in MTW.

## Conclusion

A major policy debate, largely motivated by politics, has centered on whether HUD affordable housing programs perpetuate poverty or combat poverty in areas where assistance is needed. This report’s findings do not provide a definitive conclusion for either direction, as that was not the basis for it. It is notable, however, that HUD can track their program funding’s impact in communities at a very granular level.