

Support Services for Veterans Families Trainer's Guide: Rent Burden—How High is Too High? What is a “Reasonable” Housing Plan Goal?

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U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, D.C. 20420



About this Resource

Purpose of Training

This document provides a framework for delivering training around rent burden. This training covers information to help the audience:

- 1. Become familiar with the prevalence of severe rent burden (paying more than 50% of income on housing) among the very low/extremely low-income population.**
 - a. The majority of the lowest-income households pay more than 50% of their income on housing. Approximately two million households below the poverty line pay 60-80% of their income for their housing. While this is not ideal, it is the current reality for the majority of extremely low income households across the United States..
 - b. The shortage of affordable housing is growing—only one-third of Extremely Low-Income (ELI) households have access to affordable housing units.
- 2. Become familiar with the data on the limited income increases by Rapid Re-Housing households.**
 - a. 6.2% of HPRP households saw any increase in income by program exit; SSVF saw an 8% average increase in income.
- 3. Consider reasonable goals for reducing rent burden and/or increasing income.**
 - a. Even small increases in income (employment or income supports) combined with small decreases in spending (through budgeting or obtaining in-kind goods or services) improve the household's ability to pay the rent.

Target Audiences

This training is targeted towards:

- SSVF Case Managers;
- Case Manager Supervisors; and
- Administrative staff who are responsible for creating policies and procedures, staff training, or job descriptions.

This training can be used with audiences of 2-30+.

Preparation

Movable chairs or tables are most helpful, so the audience can work in small groups of 2-8. Several small groups working separately on the same three case scenarios is helpful, as it results in more issues and ideas for case managers to consider.

Each trainee should receive the following training materials:

- The research document on rent burden and increases in income during HP/RRH
- The case scenarios + activity sheet

Training Agenda

A. Review the research document with the entire group.

Trainees may no longer believe that every household's goal should be housing costs that do not exceed 30% of their income. However, they may not have considered how even higher rent burdens are sustainable for a person who is very low-income or extremely low-income. Research shows incomes are declining and the supply of affordable housing and rental subsidies is shrinking. As a result, rent burdens are increasing. What can case managers do in a short-term crisis-response program to minimize rent burden?

B. Explain the activity.

There are two case scenarios, each with a severe rent burden (over 50% of income). Given the data they have just reviewed, what is their reaction to the rent burden of these two households? As a small group, list actions that could reduce each household's rent burden, so they will end up with more cash available to pay for housing. Remember, the ability to pay rent is enhanced by increases in income or decreases in other spending.

C. Allow about 30 minutes for the activity.

D. Discuss as a large group.

Each small group reports on their ideas for decreasing the rent burden for the two cases.

Some points that may be inserted into the conversation as appropriate:

- Lynda's rent burden is 73%. This is fairly realistic. Do attendees think it is sustainable? What would help her situation be even more sustainable? What might she be able to do in the short-term to increase income? Decrease expenses?
- Michael's rent burden is about 79% and he has 3 months of arrears. Is his rent burden sustainable? What would help his situation be more sustainable? What might he do in the short-term to increase his income/decrease his expenses?
- Do attendees have a different view of Michael's rent burden because he is on SSI and thus disabled? What assumptions did the attendees make about his disability and his arrears? Do they think he is mentally ill and his MI caused his rental arrears? Perhaps he has a medical disability and had to spend his rent on medications because he is not connected to healthcare. His rent burden may be more sustainable than the group initially thought.
- Creating a realistic spending plan requires more than a calculator. People in a crisis seek (unconsciously or deliberately) relief from stress, often through activities that increase (even if only temporarily) dopamine. Those activities can include junk food, alcohol, excessive TV/Internet, gambling, shopping—things that may not be viewed as essential items in a household budget by the case manager. Sometimes it is only possible to plant the idea of decreases in some expenditures; the household may decide to take the advice later, once the immediate crisis is over.

- How and when should staff address budget reductions? Are there local agencies that are members of the nonprofit National Foundation for Credit Counseling who could help households with spending plans, debt consolidation/renegotiation of interest rates, etc.?
- Should a program have a ceiling for rent burden that is considered sustainable? If so, what should that be? If not, what process could the program use to decide whether a household's rent burden is sustainable on a case-by-case basis? Should it be up to the case manager alone to make this determination?

Rent Burden Research

The State of The Nation's Housing --Joint Center for Housing Studies of Harvard University, 2013

Severe Rent Burden is the Norm for Extremely Low-Income Households

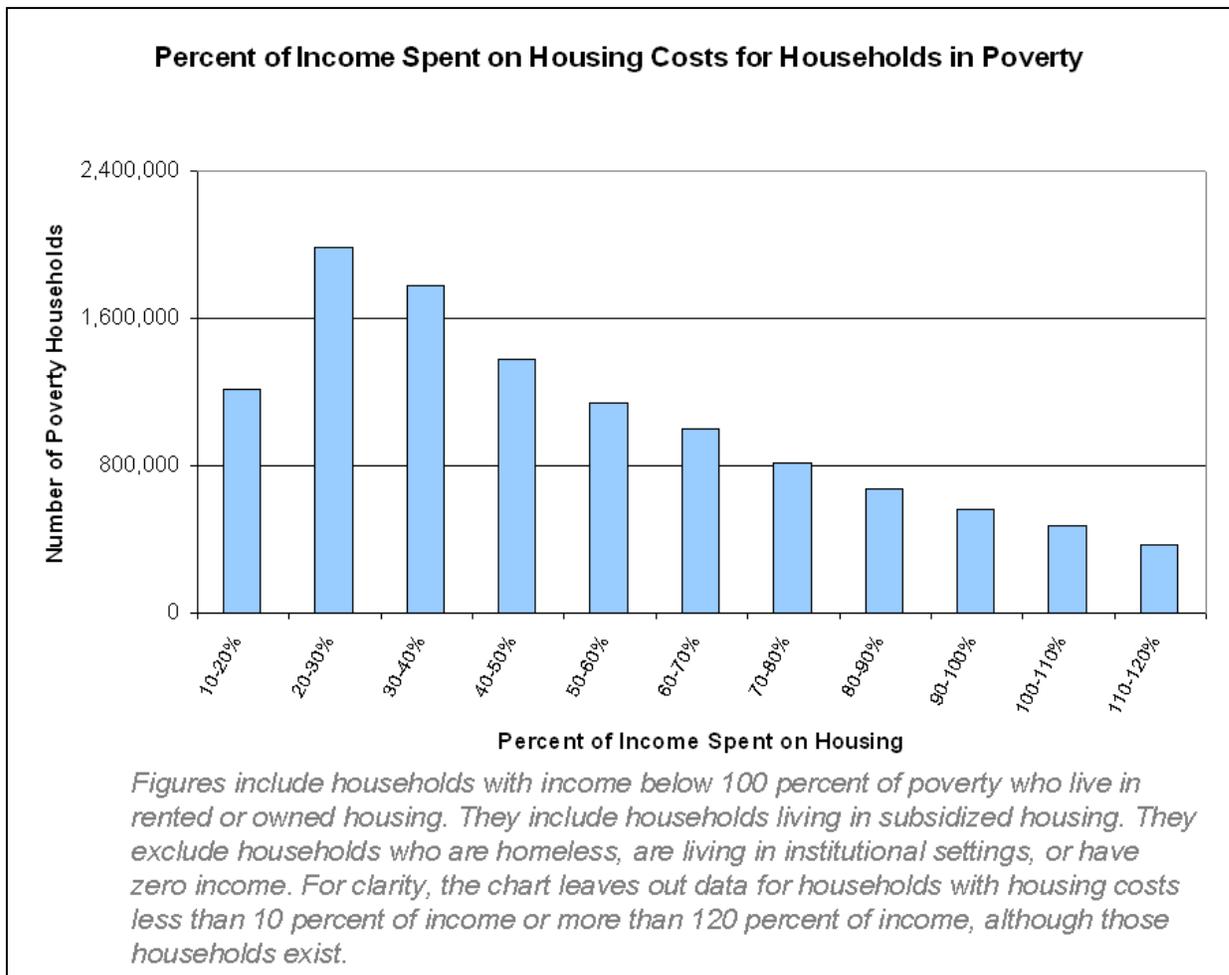
In 2011, 83% of households earning less than \$15,000 per year lived with a severe cost burden (severe cost burden is defined as spending *more than* 50% of one's income on rent:

- **81% of single parents were severely rent burdened.**

For every 100 extremely low income renters there were only 30 affordable units in 2011. Between 2001 and 2011, 12.8% of the affordable housing stock was permanently lost. Each year in the next decade, 3400 federally-assisted projects (with a total of 200,000 units) are scheduled for contract renewal and can convert to market rents.

Graph: Percent of Income Spent on Housing Costs for Households in Poverty

--National Alliance to End Homelessness



Data from: HUD Homelessness Prevention and Rapid Re-Housing and VA Supportive Services for Veteran Families

Income Does Not Increase Substantially During Homelessness Prevention and Rapid Re-Housing Assistance

HPRP data from Year 1 found that few participants experienced significant changes, positive or negative, in monthly income between entry and exit. Among adults who exited an HPRP program,

- 6.2% had an increase in income, 70.3% experienced no change, and 2.7% had less income at exit (2010 AHAR, Exhibit 6-13). Exiters with lower incomes at entry were slightly more likely to report an increase in income at program exit.
- **Yet 90.5% of households assisted to exit homelessness were in permanent rental housing at exit.**

SSVF households showed an average 8% increase in income. Examples: 8% would translate into an increase of \$120 for a household with an income of \$1500/month; or \$40 for a household at \$500/month.

Case Scenarios: Rent Burden & Reasonable Housing Plans

Case Scenario A

Lynda and her three children (Danny, 7; Margaret, 6; Pam, 5). Lynda does light assembly work and earns \$1024/month. She works night shift and the children stay overnight with her mother, because she can't afford childcare. Two months ago, the family lost their housing. They stayed in a shelter for two weeks while the Rapid Re-Housing worker found them housing: they now live in a two-bedroom apartment with rent at \$750/month (includes heat, electric, sewer, water, trash).

Case Scenario B

Michael receives \$710/month from SSI. His one-bedroom costs \$560 for rent and utilities. He has three months of arrears and his landlord has given him a thirty day eviction notice. Michael has been accepted for SSVF homelessness prevention assistance.

Questions

1. What is your reaction to the rent burden experienced by these two households?
2. For each case, what could *reasonably* be done to reduce the rent burden for these two households? What goals and action steps might be set that would help these households increase their income and/or decrease their expenses
3. Do you think Housing Plan goals should include a specific rent burden level? Why or why not?
4. If you do think there should be a ceiling on rent burden, how would you determine this? Based upon what?