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HOUSINGCONFERENCE

HR&A

UNIVERSAL RENTAL ASSISTANCE ECONOMIC & FISCAL IMPACT STUDY

Final Report

August 20, 2021

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Executive Summary

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HR&A was engaged by the New York Housing Conference to:

GOALS OF STUDY

Estimate the economic and fiscal impacts of a Universal Rental Assistance policy, focusing on the jurisdictions of New York City and New York State.

Understand the specific populations and communities that stand to benefit from a housing safety net, and how this may in turn drive additional secondary benefits to jurisdictions.

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UNIVERSAL RENTAL ASSISTANCE IMPACT

Universal Rental Assistance would establish housing as a right across the U.S.

Expanding rental assistance to all households who are eligible— a cornerstone of President Biden's housing platform—is essential to closing the largest hole in the social safety net. Universal Rental Assistance would fund a right to housing, making it one of the **largest permanent investments in addressing poverty and economic inequality since the Great Society**. The ensuing economic, fiscal, and social impacts would be profoundly positive for low-income and marginalized communities.

Due to historic federal disinvestment in rental housing, this important tool for ensuring access to a stable and affordable home **currently serves just one in four households who qualify**, leaving millions of New Yorkers, who are more likely to be renters, left to contend with the inadequacy of our nation's housing infrastructure.

The **Housing Choice Voucher Program** is a Federally funded rental subsidy program for low-income households. Households **pay 30% of their income on rent and utilities**, with vouchers covering the rest up to the established Fair Market Rent.

For the purposes of this study, households newly eligible for Universal Rental Assistance must meet the following criteria, consistent with existing program parameters:

- Has a household income of **50% AMI or less**
- Are housing cost burdened, defined as spending more than **30% of household income** on housing
- Has at least one **U.S. citizen** in the household
- Is **not currently receiving** a voucher

UNIVERSAL RENTAL ASSISTANCE IMPACT

If Universal Rental Assistance is enacted by Congress, New York can expect the following benefits:

FINANCIAL SUPPORT FOR LOW-INCOME HOUSEHOLDS

GREATER EQUITY, WELLBEING, + ACCESS TO OPPORTUNITY

REDUCTION IN CHRONIC HOMELESSNESS

INCREASED LOCAL ECONOMIC ACTIVITY

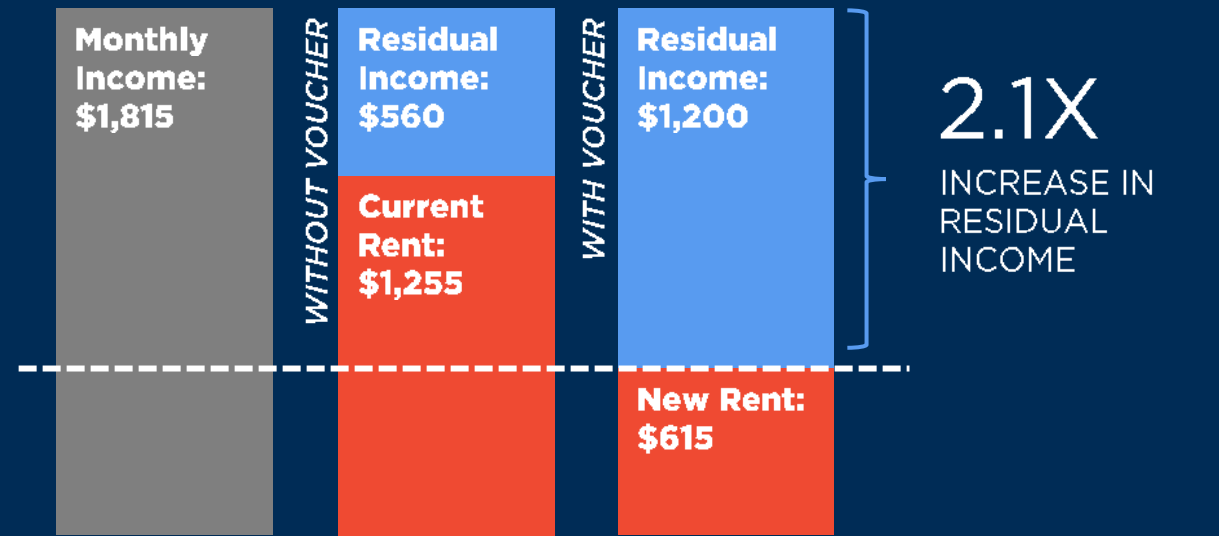ADDITIONAL LOCAL + STATE TAX REVENUES

A BOOST IN AFFORDABLE HOUSING PRODUCTION

UNIVERSAL RENTAL ASSISTANCE IMPACT

Universal Rental Assistance will provide financial support for low-income households across New York City and New York State.

The average beneficiary household in NY will see a more than **twofold increase in residual income,** or the amount left over to cover food, medicine, transportation, childcare, and other necessities after paying rent.

WITHOUT VOUCHER

Monthly Income: $1,815

Residual Income: $560

Current Rent: $1,255

WITH VOUCHER

Residual Income: $1,200

New Rent: $615

2.1X INCREASE IN RESIDUAL INCOME

1.1M NEW VOUCHER HOUSEHOLDS IN NYS, INCLUDING **689K** IN NYC

$7,680/YR. AVERAGE INCREASE IN SPENDING CAPACITY AMONG NEW VOUCHER HOUSEHOLDS

3X GREATER THAN AVERAGE EARNED INCOME TAX CREDIT BENEFIT

1.7X GREATER THAN AVERAGE STIMULUS PAYMENT FOR FAMILIES IN POVERTY *(Combined federal stimulus payments, state payments, and advance child tax credit payments)*
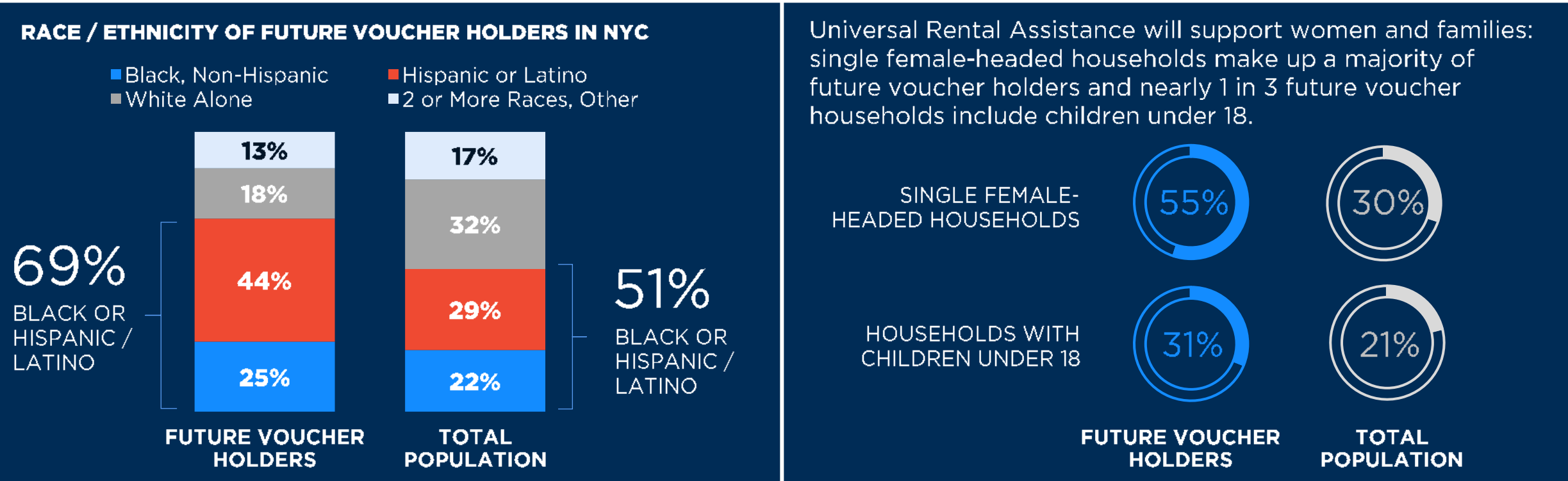
22.5% PERMANENT REDUCTION IN NATIONAL POVERTY

300K NYC RESIDENTS PERMANENTLY EXITING POVERTY

Source: Residual income reflects NYS average for new beneficiary households, per HR&A analysis of U.S. Census Bureau, 2015-2019 American Community Survey 5-year Public Use Microdata Samples. New rent is 33% of monthly income on average, accounting for households paying <FMR whose rents will be capped at 30% of income & those whose current rents are >FMR who may opt to pay up to 40% of their income. Poverty stats per Columbia University Center on Poverty & Social Policy & 2019 ACS 1-Year data.

UNIVERSAL RENTAL ASSISTANCE IMPACT

NYHC HR&A

Universal Rental Assistance will serve as an important tool for advancing equity.

Universal Rental Assistance is an inherently progressive policy; the housing affordability challenges it's designed to address are disproportionately concentrated among households of color who have been systematically underserved, excluded & marginalized by federal housing policy historically.

RACE / ETHNICITY OF FUTURE VOUCHER HOLDERS IN NYC

- ■ Black, Non-Hispanic
- ■ White Alone
- ■ Hispanic or Latino
- ■ 2 or More Races, Other

69%
BLACK OR
HISPANIC /
LATINO

FUTURE VOUCHER HOLDERS
- 13%
- 18%
- 44%
- 25%

TOTAL POPULATION
- 17%
- 32%
- 29%
- 22%

51%
BLACK OR
HISPANIC /
LATINO

Universal Rental Assistance will support women and families: single female-headed households make up a majority of future voucher holders and nearly 1 in 3 future voucher households include children under 18.

SINGLE FEMALE-HEADED HOUSEHOLDS
- 55% (FUTURE VOUCHER HOLDERS)
- 30% (TOTAL POPULATION)

HOUSEHOLDS WITH CHILDREN UNDER 18
- 31% (FUTURE VOUCHER HOLDERS)
- 21% (TOTAL POPULATION)

FUTURE VOUCHER HOLDERS **TOTAL POPULATION**

Source: HR&A analysis of U.S. Census Bureau, 2015-2019 American Community Survey (ACS) 5-year Public Use Microdata Samples (PUMS) data.

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UNIVERSAL RENTAL ASSISTANCE IMPACT

Universal Rental Assistance will enhance access to opportunity and improve the lives and wellbeing of New Yorkers.

Children whose families move to lower-poverty neighborhoods using a voucher experience improved life outcomes as adults:

$300K+
INCREASE IN LIFETIME EARNINGS

30%
LESS LIKELY TO BECOME SINGLE PARENT

32%
INCREASE IN COLLEGE ATTENDANCE RATE

Additional impacts of vouchers on beneficiaries' wellbeing include:

LOWER RATES OF EVICTION

IMPROVED MENTAL HEALTH

LOWER RATES OF DIABETES, OBESITY

REDUCED CHILD HOSPITALIZATIONS

HIGHER ACADEMIC ACHIEVEMENT

UNIVERSAL RENTAL ASSISTANCE IMPACT

Universal Rental Assistance is the most effective method for reducing chronic homelessness.

Relative to a control group that did not receive vouchers, researchers found that giving vouchers to low-income families with children resulted in:

⬇ **77%** DECLINE IN SHARE OF FAMILIES LIVING IN SHELTERS OR ON THE STREET

⬇ **52%** DECLINE IN SHARE OF FAMILIES LIVING IN CROWDED CONDITIONS

⬇ **40%** DECLINE IN NUMBER OF TIMES FAMILIES MOVED OVER 5-YEAR PERIOD

Homeless families that receive vouchers are:

42% LESS LIKELY TO BE SEPARATED FROM CHILDREN

20% LESS LIKELY TO BE FOOD INSECURE

34% LESS LIKELY TO EXPERIENCE DOMESTIC VIOLENCE

The single adult homeless population in New York has soared to record highs, **up 54% between 2007-2020**. Universal vouchers administered in conjunction with other prevention programs could help to break this cycle.

UNIVERSAL RENTAL ASSISTANCE IMPACT

NYHC **HR&A**

Universal Rental Assistance will generate significant economic activity in lower-income communities, supporting new business formation and revitalization.

With housing expenditures capped at 30% of income, some of the **money currently spent on rent would be reallocated towards other necessities** like groceries and health care. This increased spending capacity among beneficiary households would create ripple effects throughout the local economy, leading to **increased employment, earnings, and economic output**.

	NEW YORK STATE *Inclusive of NYC*	**NEW YORK CITY**
INCREASED HOUSEHOLD SPENDING CAPACITY *(at full implementation)*	$8.5B	$5.8B
LOCAL JOBS GENERATED	96K	56K
INCREASED ANNUAL EARNINGS	$5.0B	$3.1B
TOTAL ANNUAL ECONOMIC ACTIVITY	$14.7B	$9.1B

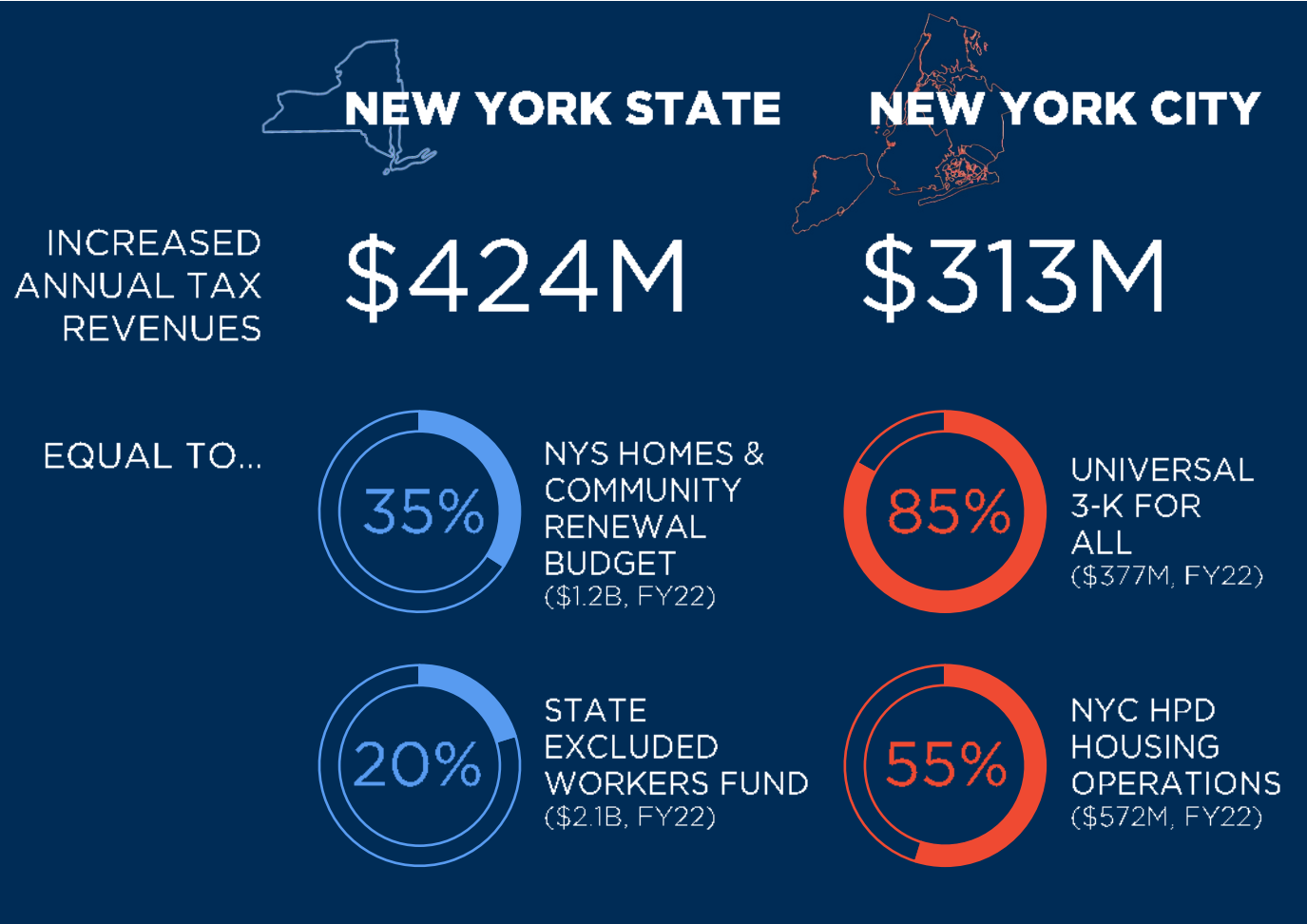Source: HR&A Analysis; U.S. Bureau of Labor Statistics Consumer Expenditure Survey; EMSI

UNIVERSAL RENTAL ASSISTANCE IMPACT

NYHC   HR&A

Universal Rental Assistance will generate additional local and state tax revenues that can be used to invest in local communities and advance other policy priorities.

New economic activity facilitated through Universal Rental Assistance will drive incremental local tax revenues, which can help to **fund important public services** across the city and state.

Universal Rental Assistance will further **reduce government expenditures** on services and programs that are currently serving as a housing safety net of last resort. Sample categories of direct cost savings include spending on homeless shelter stays, local rental subsidies, emergency rental assistance, and tenant legal services.

NEW YORK STATE **NEW YORK CITY**

INCREASED ANNUAL TAX REVENUES

$424M $313M

EQUAL TO...

35% NYS HOMES & COMMUNITY RENEWAL BUDGET ($1.2B, FY22)

85% UNIVERSAL 3-K FOR ALL ($377M, FY22)

20% STATE EXCLUDED WORKERS FUND ($2.1B, FY22)

55% NYC HPD HOUSING OPERATIONS ($572M, FY22)

UNIVERSAL RENTAL ASSISTANCE IMPACT

Universal Rental Assistance will combat the affordability crisis from both ends: reducing direct costs for beneficiaries and spurring the creation of more affordable units.

Subsidized developments would see higher net operating incomes if vouchers are used. This in turn would allow the developer to **support more debt**, reducing the amount of tax credits or City subsidy required to deliver each new unit. **Public dollars can now stretch further** to cover more deals & deliver more units.

+33%

INCREASE IN AFFORDABLE HOUSING PRODUCTION IN NYC

220K

NEW PROJECT-BASED UNITS IN NYS, INCLUDING **138K** UNITS IN NYC

Complementary policy actions must be taken to avoid unintended harm that could be created if unsubsidized households compete for limited available housing with those receiving housing vouchers. A phased-in approach that **covers all eligible low-income households** (those making up to 80% AMI) would significantly reduce the number of households at risk of increased housing cost burden or displacement.

Source: HR&A analysis of recent 4% LIHTC deals in New York City that are also receiving HPD/HDC subsidies.

UNIVERSAL RENTAL ASSISTANCE IMPACT

About Us + Acknowledgements

HR&A ADVISORS

HR&A Advisors is a mission-driven, employee-owned economic development, public policy, and real estate consulting firm working at the intersection of the public and private sectors. Our work improves economic opportunity, quality of life, and the built environment for urban communities through rigorous analysis, strategy development, and implementation planning. **CORE PROJECT TEAM:** Eri Furusawa, Keiley Gaston, Phillip Kash, Kristina Pecorelli

NEW YORK HOUSING CONFERENCE (NYHC)

NYHC is a nonprofit affordable housing policy and advocacy organization. NYHC advances City, State and Federal policies and funding to support the development and preservation of decent and affordable housing for all New Yorkers.

ADVISORY GROUP

The Advisory Group supported the Universal Rental Assistance Impact Study with feedback on methodologies and input on non-monetary impacts. It included members from CBPP, Citizens' Committee for Children New York, CHPC, Coalition for the Homeless, CSS NY, Forsyth Street, Furman Center, HELP USA, Homeless Services United, NLIHC, NYC HPD, NYC HRA, NYS HCR, Rise Boro, Supportive Housing Network of New York, The Samuels Group, and WIN NYC. This report does not necessarily reflect the views or regulatory agenda of advisory group members or their respective organizations.

Background

NYHC HR&A

AFFORDABILITY CRISIS

New York, like states across the country, is facing a housing affordability crisis. **Over 1 in 4 households throughout the state spend at least half their income on housing**, leaving little for remaining expenses.

The housing crisis **disproportionately impacts communities of color.** Black, Hispanic, and Asian householders are more likely to face rent burden compared to white residents throughout the state.

NEW YORK CITY

77%
of NYC renter households earning <$50k are cost burdened

51%
of NYC renter households earning <$50k are severely rent burdened

1 in 22
NYC renter households live in severely overcrowded homes

77,900
Estimated population experiencing homeless on a given night

UNITED STATES

68%
of all renter households earning <$50k are cost burdened

38%
of all renter households earning <$50k are severely rent burdened

1 in 45
of all renter households live in severely overcrowded homes

580,500
Estimated population experiencing homeless on a given night, 2020
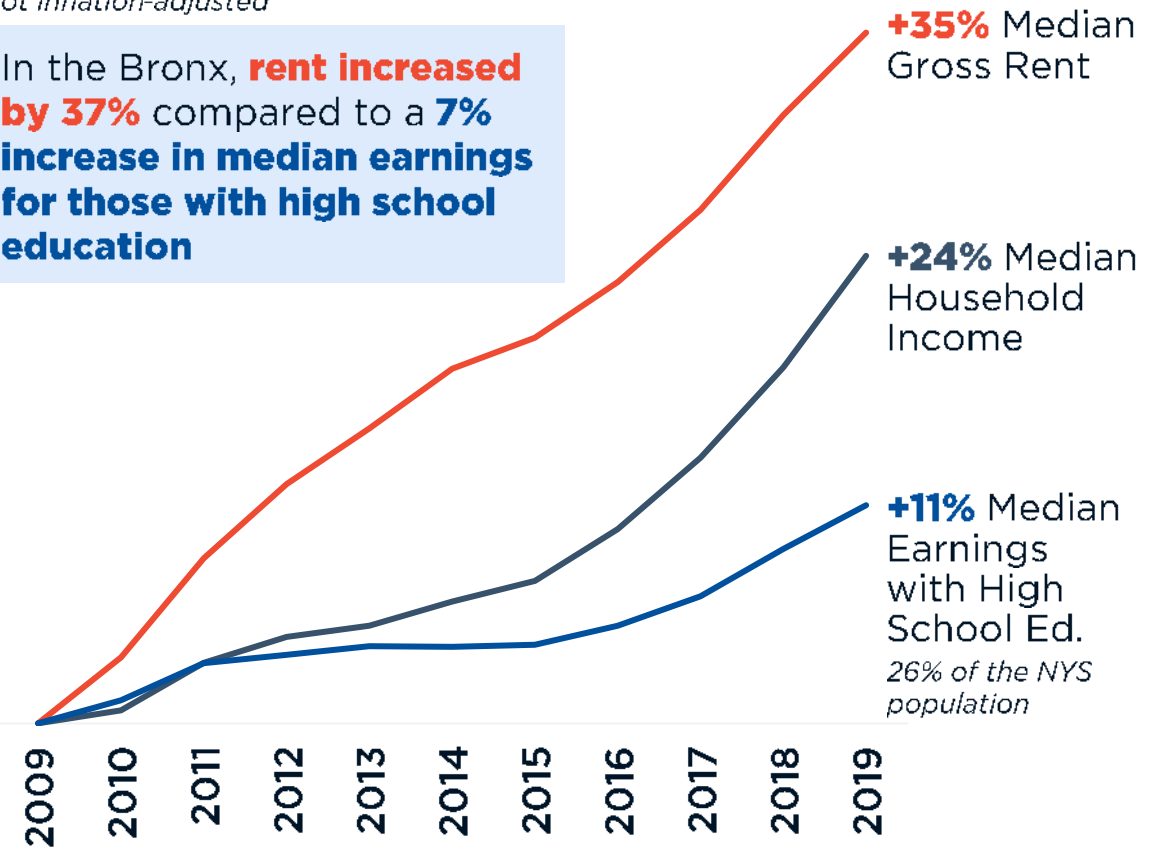
AFFORDABILITY CRISIS

The **increase in housing costs in New York has far outpaced wage growth** over the last 10 years, particularly for those with lower levels of educational attainment, eliminating hard-won increases in the minimum wage and collectively bargained wages.

A minimum wage worker in New York State **must work 94 hours per week to be able to afford a 1-bedroom rental home** at Fair Market Rent. Without rental assistance, the minimum wage would need to more than double—to $29/hour in New York State and $35/hour in Manhattan—in order to afford one-bedroom rents.

NYS RENT VS. WAGE GROWTH (2009-2019)
Not inflation-adjusted

In the Bronx, **rent increased by 37%** compared to a **7% increase in median earnings for those with high school education**

+35% Median Gross Rent

+24% Median Household Income

+11% Median Earnings with High School Ed.
26% of the NYS population

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

17

DISINVESTMENT

Constrained housing supply continues to exacerbate New York's housing crisis. While the stock of higher-priced apartments continues to grow, the number of units affordable to low-income households has declined amidst growing need. Public housing operated by the NYC Housing Authority (NYCHA), home to 1 in 15 New Yorkers, further faces disinvestment and deteriorating conditions.

Severe overcrowding, defined as households with more than 1.5 people per room (excl. kitchen and bathrooms), is a direct result of New York's constrained affordable housing supply. Rates of overcrowding are highest in low-income neighborhoods and communities of color. In NYC, Asian households live in overcrowded homes at over twice the rate of white residents.

18% decline
in the number of NYC units (-244K units) renting for less than $1,500/month, the affordability threshold for a 4-person household at 50% AMI, between 2015-2019

4.6%
of all NYC rental households live in severely overcrowded housing, affecting nearly 100K households

650,000
Gap of affordable rental units for very low-income households in NYS, 2019

$40 billion
NYCHA capital backlog, up from $7 billion in 2014

Source: Community Service Society; NYU Furman Center: U.S. Census Bureau ACS 5-Year 2015-2019 Data: National Low Income Housing Coalition.

COVID-19

Disparate outcomes in New York, already profound, have been exacerbated and not merely maintained by recent events. The overwhelming concentration of COVID cases and fatalities in low-income and minority communities with high rates of overcrowding has exposed the ways in which **where you live** can literally determine **whether you live**.

230,000+

Tenants (residential + commercial) in New York State with active eviction cases, concentrated in ZIP codes with highest COVID-19 death rates

FEDERAL GOVERNMENT'S ROLE

While mainstream convention locates housing policy at the state and local levels, **federal housing policy and funding regimes have directly created and reinforced economic and racial divides**. The Federal Housing Administration, established in 1934, codified segregation practices by refusing to insure mortgages in/around Black communities through a policy called 'redlining.' The direct effects of this policy are **still evident in the persistent segregation of cities today**, which in turn has fueled mass inequality as those living in segregated neighborhoods are confronted with barriers to upward mobility.

The last large-scale federal investment in rental housing was by Franklin D. Roosevelt through the New Deal's Wagner-Steagall Housing Act of 1937, which introduced public housing for civilians. Today, federal housing expenditures disproportionately benefit higher-income households and homeowners, leaving **low-income renters, who are disproportionately women and people of color, especially vulnerable to housing instability, overcrowding, and homelessness**. The impact of insufficient rental assistance is particularly acute in New York City, where **the share of renters is almost double the national average.**

4X
Federal housing expenditures going to households with incomes over $200K, compared to benefits for households with incomes less than $20K (2015)

70%
Federal housing subsidies targeted towards homeowners, despite renters making up 60% of severely cost-burdened households (2015)

3/4
Of low-income at-risk renters do not receive federal rental assistance benefits (2017)

Source: Richard Rothstein. *The Color of Law* (2017); Center on Budget and Policy Priorities.
Note: The Tax Cuts and Jobs Act of 2018 reduced the mortgage interest deduction limit from $1 million to $750,000, which may reduce figures 1 and 2 above, cited from 2015.
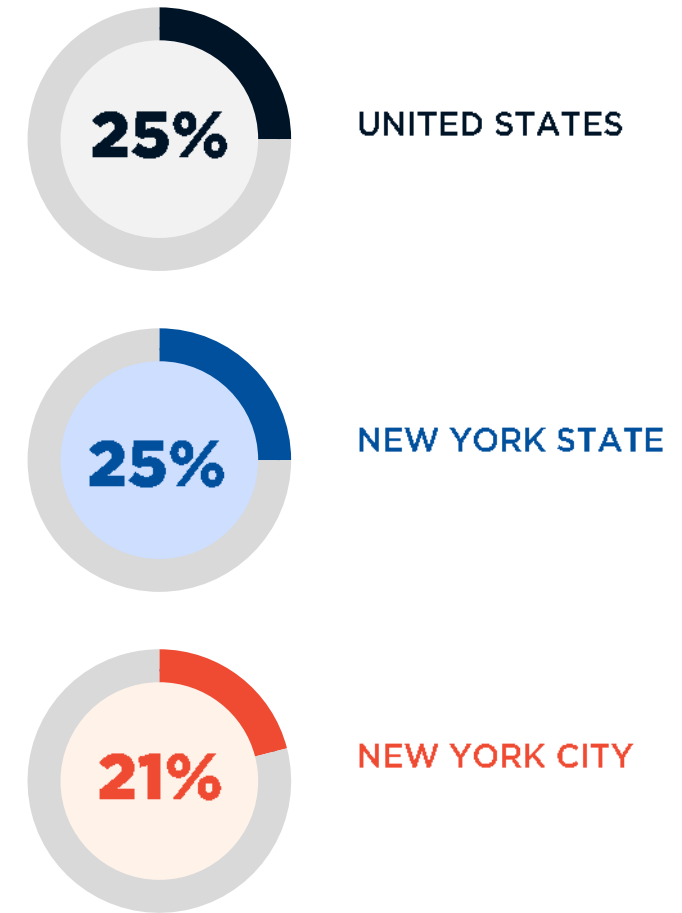
HOUSING CHOICE VOUCHERS

The **Housing Choice Voucher Program** (also known as Section 8) is a Federally funded rental subsidy program for low-income households. Vouchers enable households to **pay no more than 30% of their income** on rent within privately owned housing, with the voucher covering the difference between what a household can afford to pay and the established Fair Market Rent (FMR). Fair Market Rents are equivalent to the 40th percentile of gross rents within the metro area.

Vouchers are either tenant-based or project-based; the former enables residents to use the voucher for privately owned housing of their choosing, while the latter attaches subsidies to a specific building. Public Housing Authorities (PHAs) may use up to 20% of allocated vouchers for project-based units.

Only one in four eligible households nationwide currently receive vouchers, with even fewer served in New York City. The program, currently funded through a discretionary budget, is subject to annual appropriations and thus the whims of Congress. Advocates have called for a phased transition to funding the program through mandatory appropriations that would **provide more stability and enable the program to be automatically expanded based on need**, including in response to economic recession.

Source: HUD; HR&A analysis of Census data and HUD data on current voucher holders; Center on Budget and Policy Priorities.

% ELIGIBLE HOUSEHOLDS CURRENTLY RECEIVING RENTAL ASSISTANCE

25% UNITED STATES

25% NEW YORK STATE

21% NEW YORK CITY

HOUSING AS A RIGHT

President Biden has declared housing a **"right, not a privilege,"** pledging to create a housing social safety net by fully funding the Section 8 rental housing assistance program to provide vouchers to everyone who is eligible. Under this approach, **no very low-income household would pay more than 30% of their income on rent and utilities,** the threshold beyond which households have difficulty affording other necessities such as food, clothing, transportation, and medical care.

The Biden Campaign's plan for Universal Rental Assistance would fund a right to housing by ensuring that all who qualify are guaranteed to receive the benefit, similar to Medicare and Social Security. Some **17 million** very low-income families across the U.S. stand to benefit, including **1.1 million households in New York State**. Universal Rental Assistance would constitute the **biggest commitment to addressing economic inequality in decades**, lifting an estimated 9.3 million Americans out of poverty and plugging the biggest hole in the social safety net. The ensuing economic, fiscal, and social impacts would be profoundly positive and progressive.

The coming months offer the opportunity to take meaningful steps towards establishing housing as a right, including through the Build Back Better plan, budget reconciliation, and appropriations bills.

BIDEN HARRIS DEMOCRATS

THE BIDEN PLAN FOR INVESTING IN OUR COMMUNITIES THROUGH HOUSING

BUILD BACK BETTER

BIDEN

Source: HUD; Columbia University Center on Poverty and Social Policy; https://joebiden.com/housing/

ABOUT THE STUDY

This analysis quantifies the economic and fiscal impacts of Universal Rental Assistance in New York City and New York State. It prioritizes readily quantifiable impacts resulting from increased household spending potential among new voucher households and endeavors to understand the specific populations and communities that stand to benefit from a housing safety net—and how this may in turn drive additional secondary benefits to jurisdictions. Our analysis is prefaced by a discussion of qualitative impacts, recognizing that many of the potential benefits of ubiquitous rental assistance may be difficult to quantify or attribute to a single cause.

The benefits included here assume all complementary investments, policies, and programs have been put in place to maximize efficacy & mitigate the unintended consequences of a housing entitlement policy.

Among them:

- Strengthened Fair Housing Act enforcement to protect against source of income discrimination and discrimination on the basis of race, gender, family status, or other marginalized identity

- Investments to remove barriers to access and increase the uptake of housing vouchers

- Zoning changes to encourage expansions in the supply of affordable housing in areas of opportunity

- Phased-in program expansion to protect unsubsidized low-income households from unintended rent growth, particularly those falling just outside the eligible income range who are currently paying below FMR and likely to be in competition for housing with new voucher holders

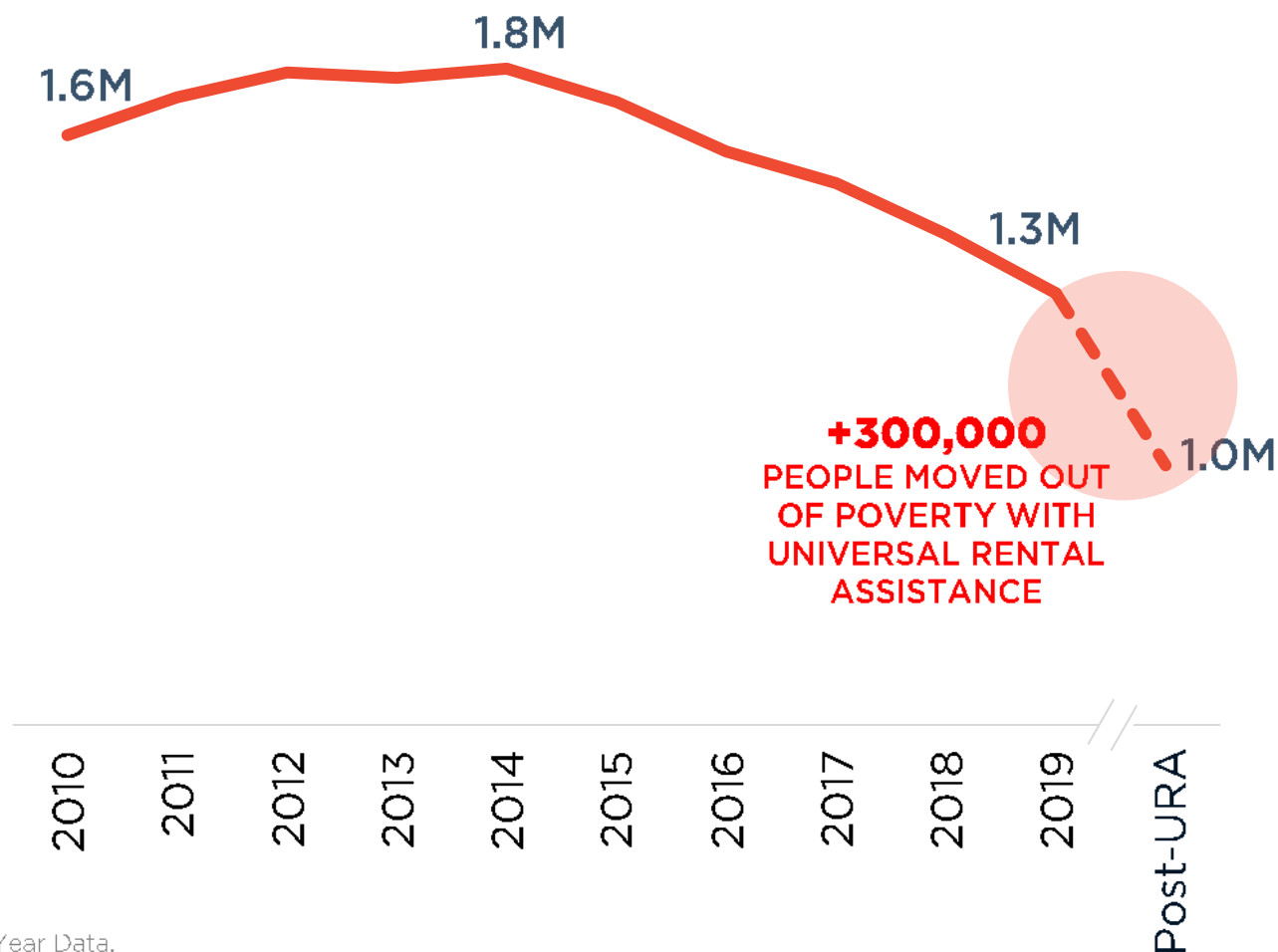NEW YORK HOUSINGCONFERENCE

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Societal Impacts

POVERTY

Columbia University's Center on Poverty and Social Policy estimates that Universal Rental Assistance could **reduce the number of people living in poverty nationally by nearly a quarter** (22.5%). In New York City, this would allow more than 300,000 people to move out of poverty, or nearly 3.5X the average annual decline over the last 5 years, a period which saw poverty rates drop to historic lows. And because every housing agency in the country already has the infrastructure in place to administer vouchers, this is a policy that can be **implemented near instantaneously** with moderate scaling of resources.

NYC Population in Poverty, 2010-2019

1.6M

1.8M

1.3M

+300,000
PEOPLE MOVED OUT OF POVERTY WITH UNIVERSAL RENTAL ASSISTANCE

1.0M

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 Post-URA

Source: Columbia University Center on Poverty and Social Policy; U.S. Census Bureau ACS 1-Year Data.

HOMELESSNESS

More than 91,000 people in New York State are experiencing homelessness, including 77,900 in New York City. **People in families with children make up more than half** of individuals experiencing homelessness in New York, and **women make up three-quarters of adults** in such households. Meanwhile, the **single adult homeless population has soared to record highs**, up 54% between 2007-2020.

Once unhoused, families and single adults risk falling into a cycle of emergency shelters, transitional housing, and temporary but unstable housing. **Universal vouchers administered in conjunction with other prevention programs could help to break this cycle.**

80% of women with children who experience homelessness are **domestic violence survivors**.

Children who are homeless or who move often have **low academic achievement + more behavioral problems** than poor children living in stable housing.
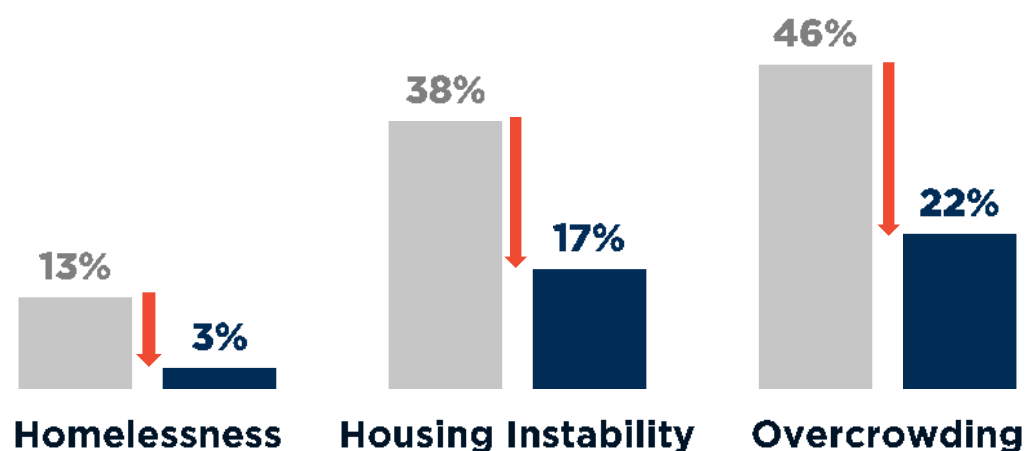
The age at which a person in the U.S. is most likely to stay in a homeless shelter is **under one years of age**.

Children who were homeless had higher risks of **hospitalizations, fair or poor health, and developmental delays**.

Source: Sandel. et al (2018): Buckner (2008); Mehana and Reynolds (2004); Walton (2018); HUD (2017) (2020); U.S. Interagency Council on Homelessness: National Alliance to Lnd Homelessness.
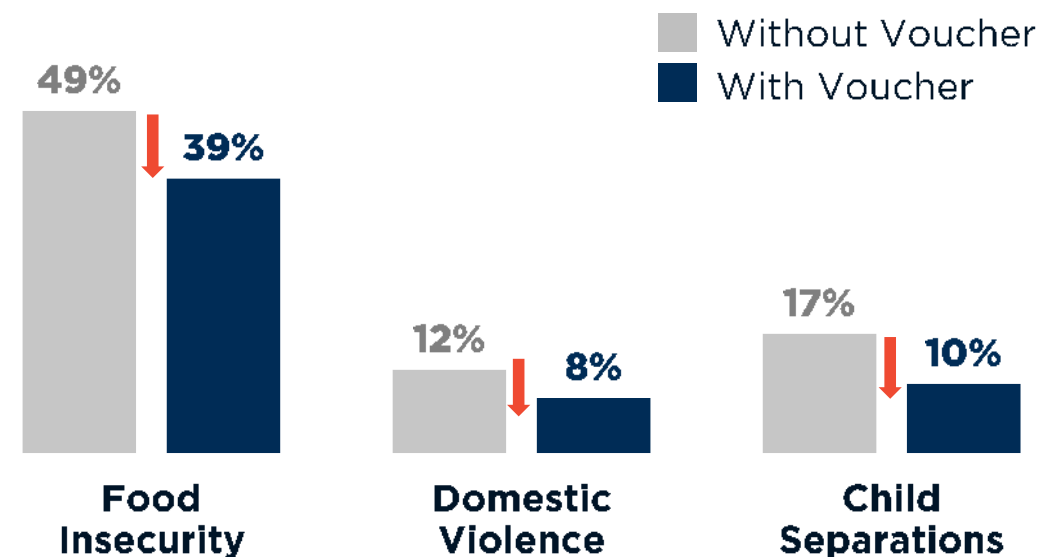
HOMELESSNESS

Universal Rental Assistance is the **most effective method for reducing family homelessness** and housing instability, in turn driving positive outcomes for children such as improved school performance and reduced likelihood of becoming homeless as adults.

VOUCHERS REDUCE HOMELESSNESS, HOUSING INSTABILITY, AND OVERCROWDING AMONG LOW-INCOME FAMILIES WITH CHILDREN

VOUCHERS REDUCE HARDSHIP AND STRENGTHEN FAMILIES

Without Voucher
With Voucher

	Without Voucher	With Voucher
Homelessness	13%	3%
Housing Instability	38%	17%
Overcrowding	46%	22%
Food Insecurity	49%	39%
Domestic Violence	12%	8%
Child Separations	17%	10%

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EVICTION

Universal Rental Assistance will also **lower eviction rates across New York City and New York State.** Eviction can create a recurring cycle of housing instability, leaving households with a court record that can prevent them from finding new housing. Eviction also affects job performance for adults and educational achievement for children who must move schools.

According to Fischer, Acosta, and Gartland (2021), **"[Vouchers] will make a crucial difference for many struggling renters, enabling them to pay down rental debt, cover future rent and utility payments, and in many cases avoid eviction when moratoriums are lifted."**

54,000
Residential evictions in NYC (2017-2019)

831,000
Households across the state who have fallen behind during the COVID crisis and are at risk of eviction when the moratorium expires

EVICTION

Areas with large concentrations of households who stand to benefit from Universal Rental Assistance **currently experience the highest rates of evictions** in New York City.

Estimated Future Voucher Holders

Future Voucher Households as % of Total Households

10%   20%   30%
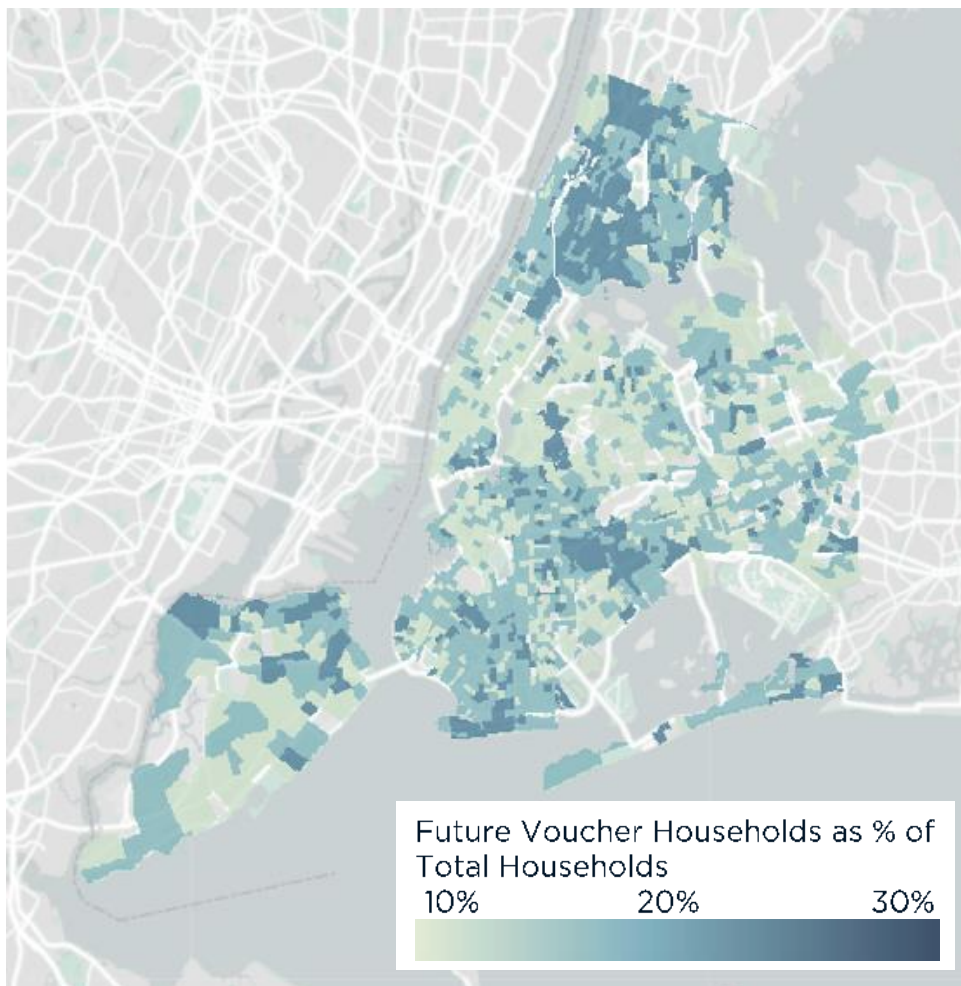
NYC Residential Evictions, 2019

% of Rentals with Evictions, 2019

0%   6%

Source: ACS 2019 5-Year Data; NYC OpenData; NYC's Worst Evictors: ArcGIS.
Note: Location of future voucher households determined using proxy of housing cost burdened households with annual household incomes under $20k.

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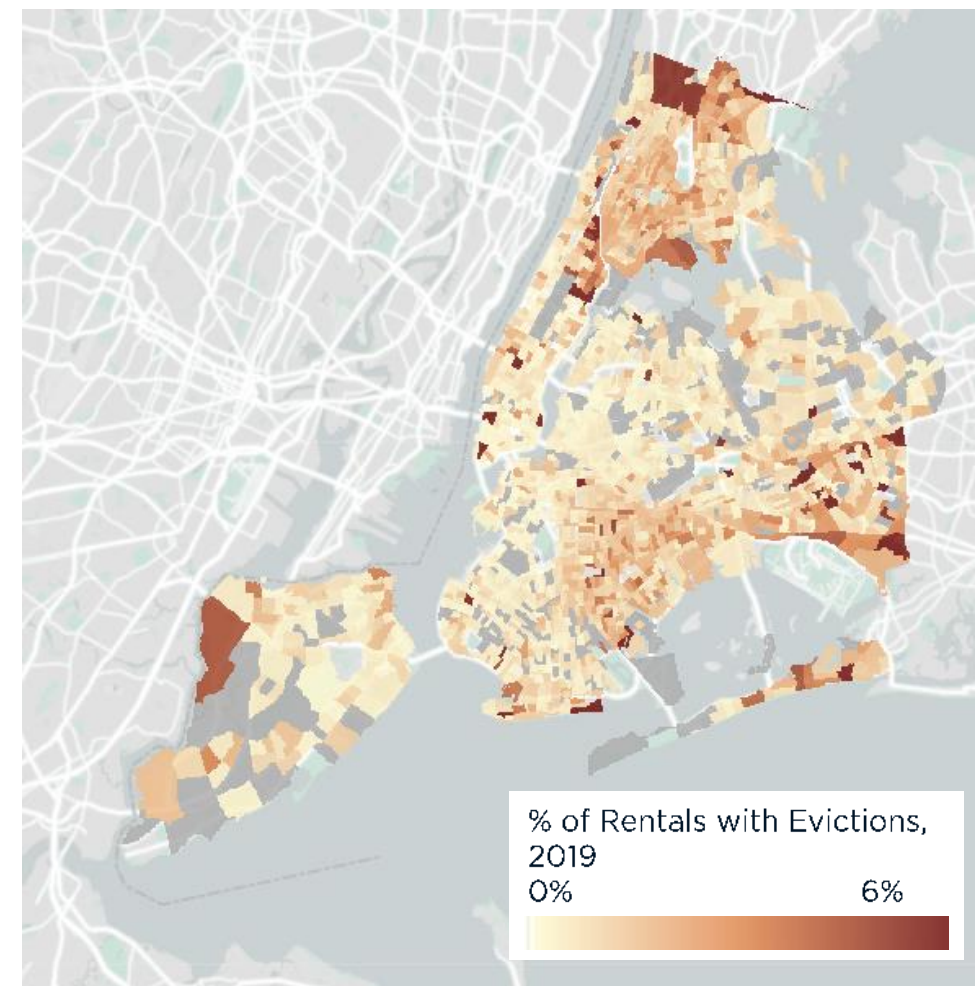
EDUCATIONAL ATTAINMENT

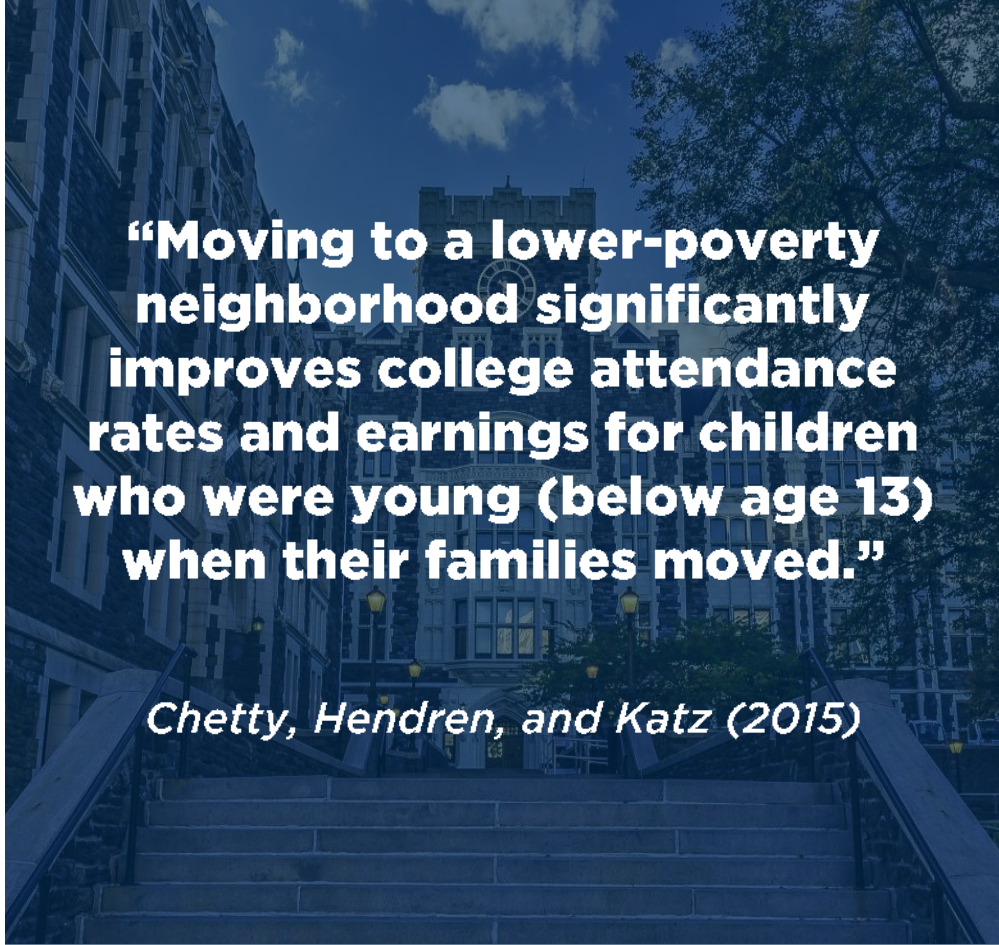By reducing housing costs borne by households, vouchers allow families to spend more on food, medicine, and other services that can support child development. A 2016 study by the U.S. Department of Housing and Urban Development (HUD) found that children whose families were homeless and then received a voucher **changed schools less frequently and were also less likely to be placed in foster care or experience behavioral problems.** A study from 2015 found that in families who used a voucher to move to a lower-poverty neighborhood, children had **substantially higher rates of college attendance and adult earnings**; on average, use of the voucher **increased total lifetime earnings by $302,000**.
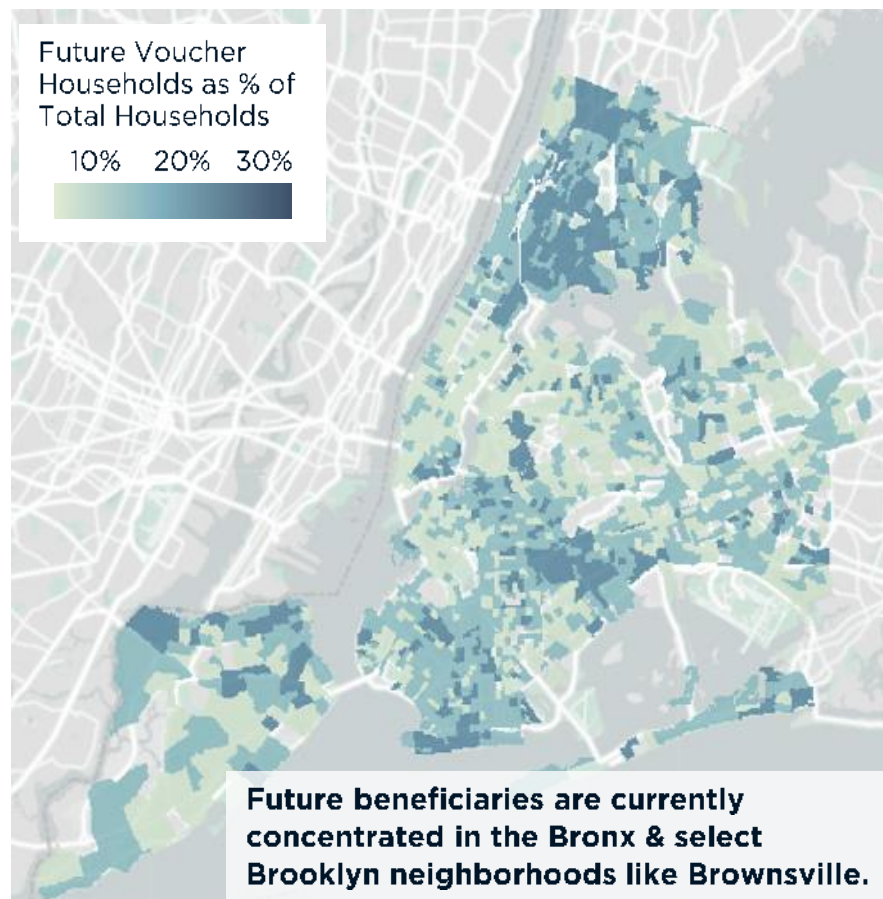
"Moving to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who were young (below age 13) when their families moved."
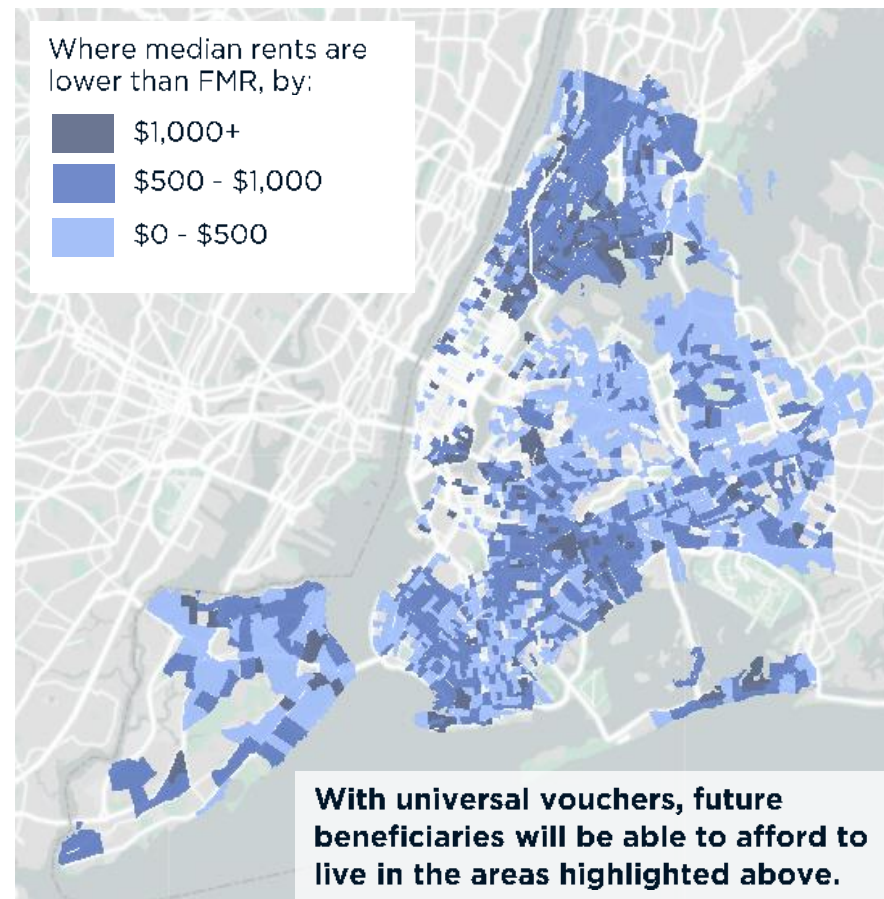
Chetty, Hendren, and Katz (2015)

MOBILITY

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Universal Rental Assistance would make parts of the city newly accessible to very low-income households. However, **investments in expanding the supply of affordable units in transit-dense areas are required** to realize the full potential of increased access to opportunity borne through vouchers.

Where future voucher holders live currently

Future Voucher Households as % of Total Households

10% 20% 30%

Future beneficiaries are currently concentrated in the Bronx & select Brooklyn neighborhoods like Brownsville.

Where future voucher holders could afford to live with Universal Rental Assistance

Where median rents are lower than FMR, by:

$1,000+

$500 - $1,000

$0 - $500

With universal vouchers, future beneficiaries will be able to afford to live in the areas highlighted above.

Source: U.S. Census Bureau, American Community Survey, 2015-2019; FMR data retrieved from HUD; Both FMR and current rents reflect prices for a 2-bedroom.
Note: Location of future voucher households determined using proxy of housing cost burdened households with annual household incomes under $20k.
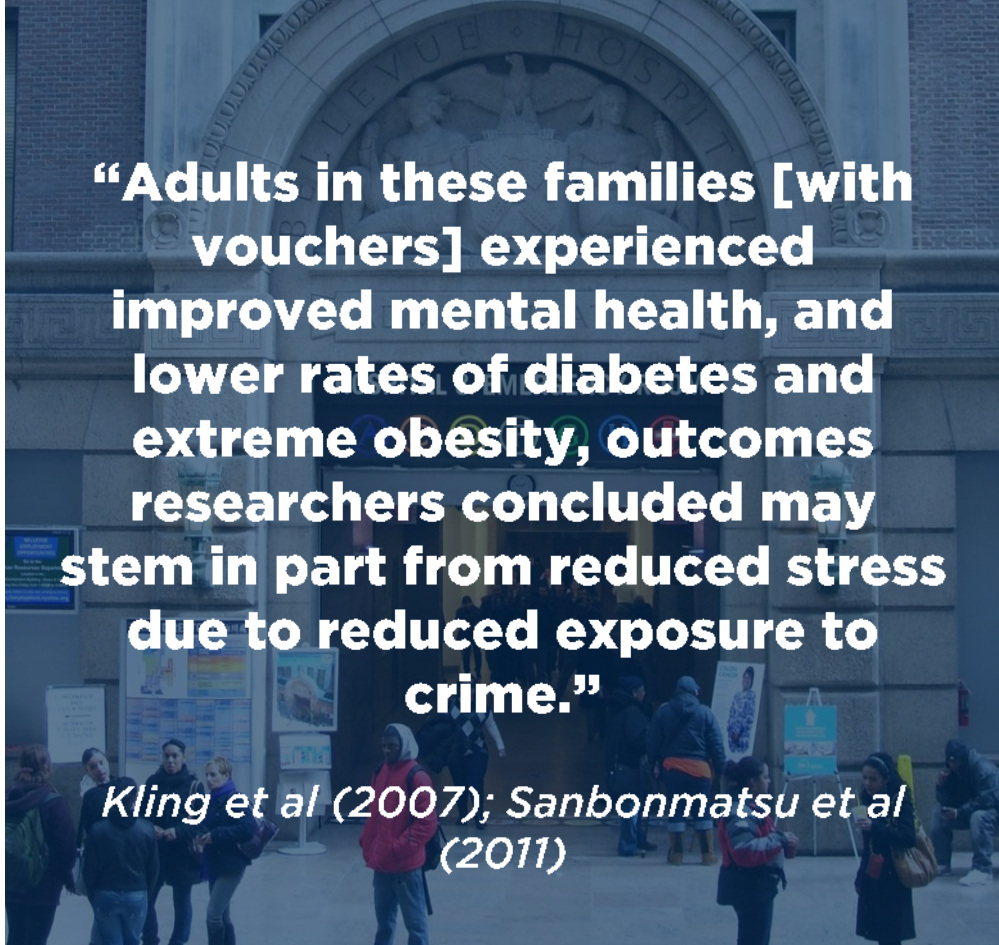
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HEALTH EQUITY

Universal Rental Assistance will have a **positive impact on health outcomes across New York City and New York State.** Vouchers have a significant positive effect on mental health, especially when families can use them to move to safer neighborhoods. As a result of lower stress, vouchers are connected to lower rates of diabetes and obesity.

Vouchers also **allow families to access safer, healthier housing**. Poor housing conditions, including the presence of pests and mold, can trigger allergic sensitization, asthma, or respiratory issues. Greater housing choice can further facilitate **improved access to quality care**.

"Adults in these families [with vouchers] experienced improved mental health, and lower rates of diabetes and extreme obesity, outcomes researchers concluded may stem in part from reduced stress due to reduced exposure to crime."
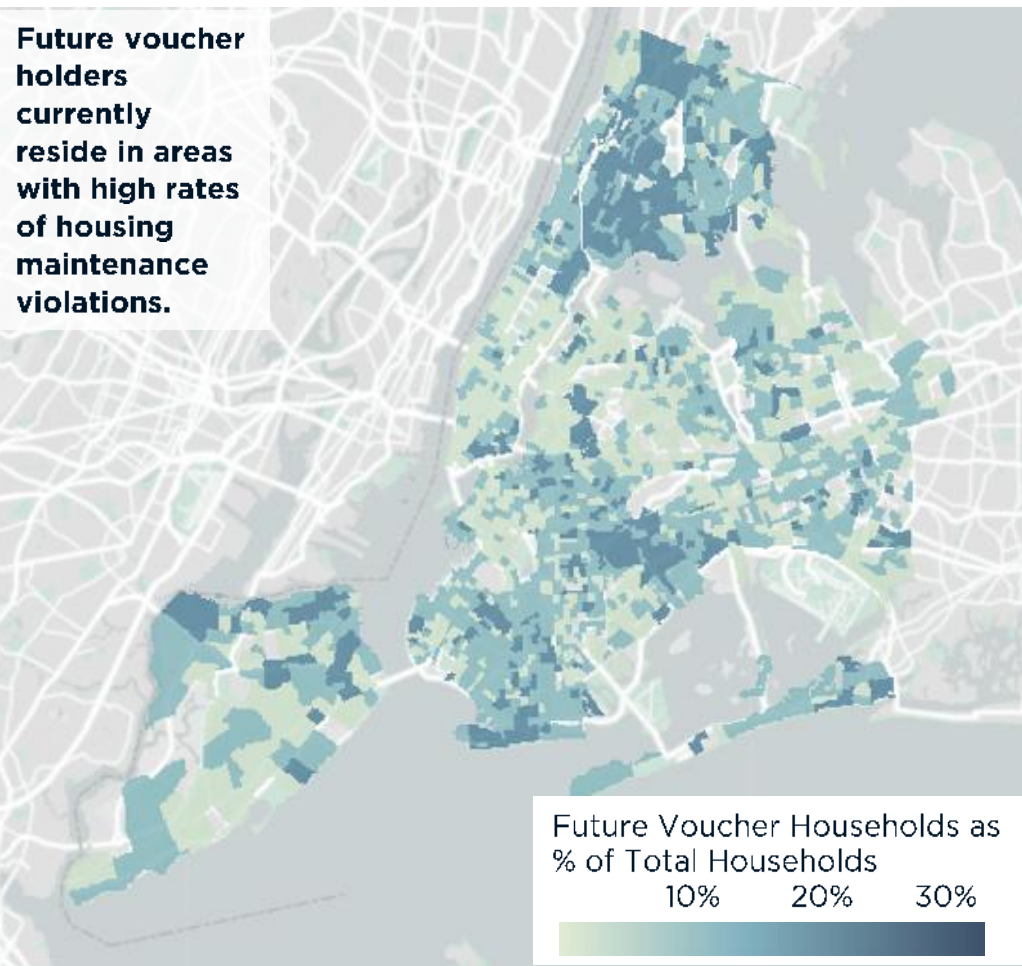
Kling et al (2007); Sanbonmatsu et al (2011)

HEALTH EQUITY

Housing Quality Standards (HQS) triggered through use of a voucher, coupled with **landlords' increased ability to finance capital improvements** owing to steady income, will help to ensure that every New Yorker has access to a safe, affordable home.

Estimated Future Voucher Holders

Future voucher holders currently reside in areas with high rates of housing maintenance violations.

Future Voucher Households as % of Total Households

10%   20%   30%

NYC Housing Maintenance Code Violations, 2019

The Housing Assistance Supply Experiment from the 1970s found that landlords in cities where vouchers were offered to *all* income-eligible households were more likely to make repairs to existing units to meet minimum HQS.

Housing Maintenance Code Violations, 2019

350   750+

33

Household Spending Impact

DEFINING ELIGIBILITY

For the purposes of this study, eligible households are defined as those meeting all of the following criteria, consistent with existing program parameters:

- Has a household income of **50% AMI or less**

- Are housing cost burdened, defined as spending more than **30% of household income** on housing

- Has **at least one US citizen** in the household

The following assumptions further informed this analysis:

- Fair Market Rent applies at the County-level; Small Area Fair Market Rents do not apply

- Utility allowances are excluded from the calculation of economic impacts

- Existing voucher holders who are paying over 30% of their income on rent are excluded from estimates of future beneficiaries (see Appendix for details)

Note: 50% AMI is currently $41,800/year for a single-person household and $59,650/year for a family of 4 in New York City (per NYC HPD). For counties in the New York, NY HUD Metro FMR Area, the Metro area FMRs were applied.

FUTURE BENEFICIARIES

Universal Rental Assistance would serve an additional **1.1M households in New York State** including **689K in New York City,** more than **quadrupling the number of voucher holders** across the State.

**Number of Voucher Holders,
Baseline vs. With Universal Rental Assistance**

NEW YORK STATE

1.4M

1.1M

328K

97K

231K

Baseline

328K

Universal Rental Assistance

NEW YORK CITY

876K

689K

187K

55K

132K

Baseline

187K

Universal Rental Assistance

- Tenant Based
- Project Based
- Existing Vouchers
- New Vouchers
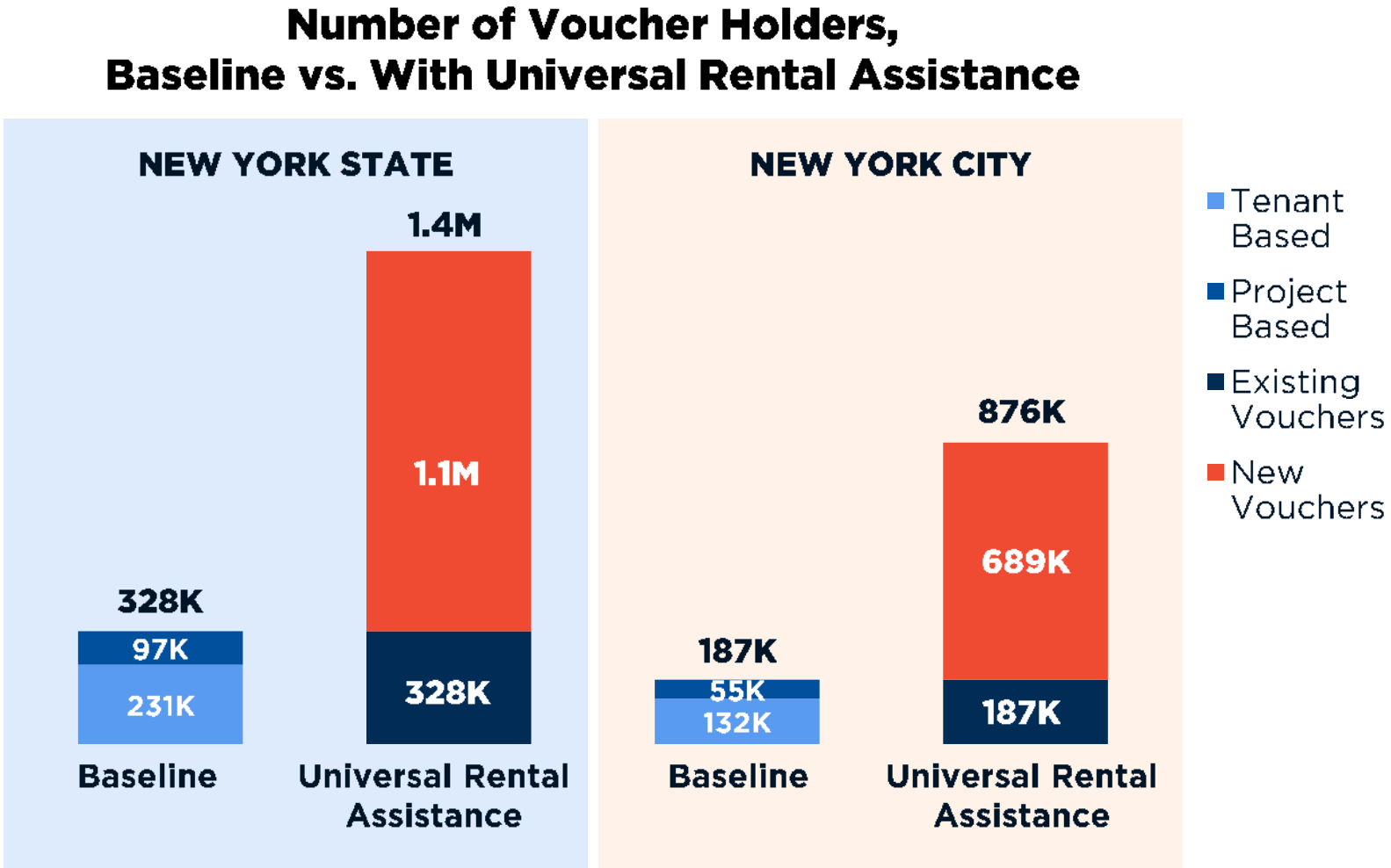
FUTURE BENEFICIARIES

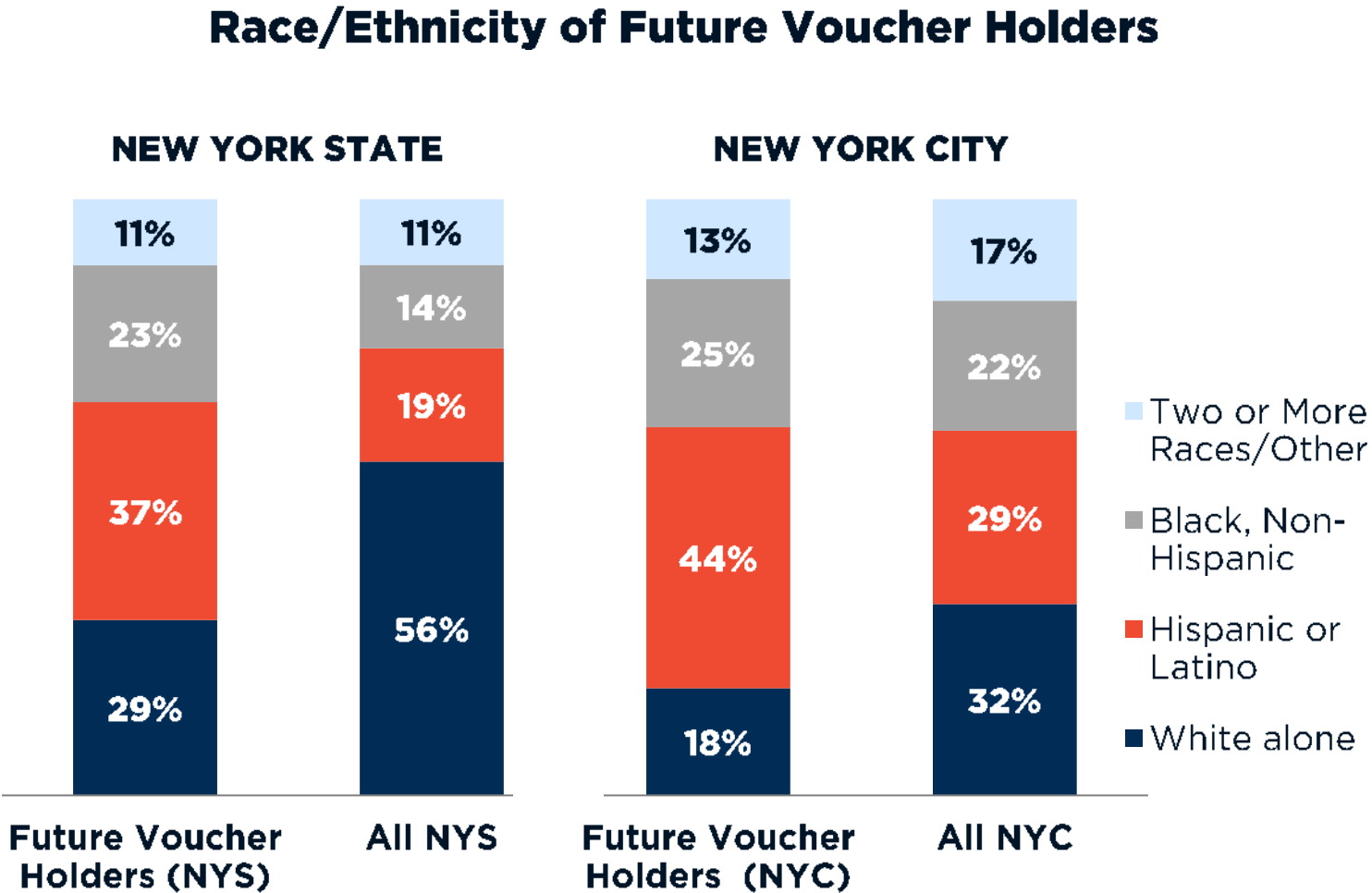Expanding Housing Choice Vouchers is a progressive approach that prioritizes residents who are most in need of rental assistance. For example, future voucher holders would include:

A single mother in Brownsville working full-time at $15/hour

A Buffalo couple, both working at minimum wage, one person full-time and the other part-time to care for two children

Two retired seniors on Long Island, both living off social security income

Note: These scenarios assume other non-income-based eligibility criteria are met. The average social security income for retired workers was $19K per year in 2020, according to the Social Security Administration.

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FUTURE BENEFICIARIES

Universal Rental Assistance is a **powerful tool for advancing racial equity** since the housing affordability challenges it is designed to address are disproportionately concentrated among households of color who have been systematically underserved, excluded, and marginalized by federal housing policy historically.

Race/Ethnicity of Future Voucher Holders

NEW YORK STATE

Future Voucher Holders (NYS)
- 11% — Two or More Races/Other
- 23% — Black, Non-Hispanic
- 37% — Hispanic or Latino
- 29% — White alone

All NYS
- 11% — Two or More Races/Other
- 14% — Black, Non-Hispanic
- 19% — Hispanic or Latino
- 56% — White alone

NEW YORK CITY

Future Voucher Holders (NYC)
- 13% — Two or More Races/Other
- 25% — Black, Non-Hispanic
- 44% — Hispanic or Latino
- 18% — White alone

All NYC
- 17% — Two or More Races/Other
- 22% — Black, Non-Hispanic
- 29% — Hispanic or Latino
- 32% — White alone

Legend:
- Two or More Races/Other
- Black, Non-Hispanic
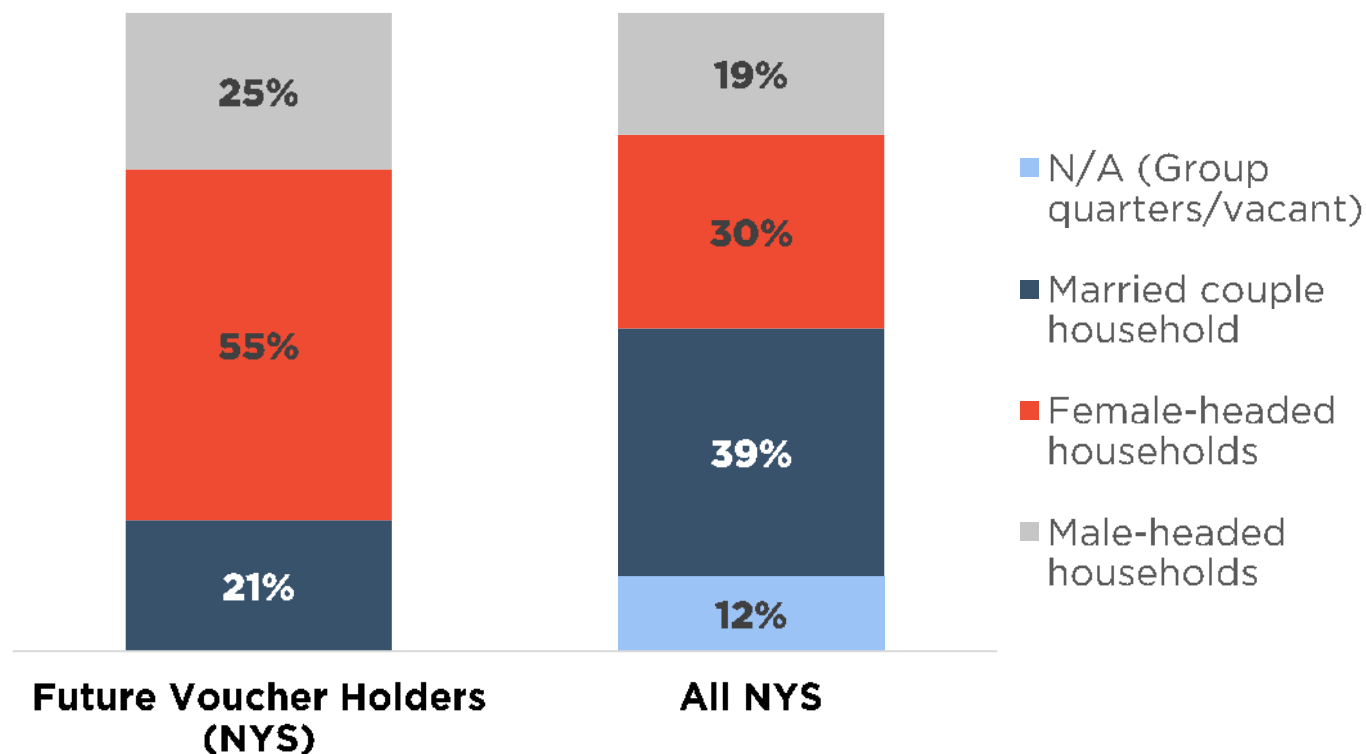- Hispanic or Latino
- White alone

38

FUTURE BENEFICIARIES

Universal Rental Assistance will support women: **female-headed households make up a majority of future voucher holders**, and those with children make up one in five.

Given that women earn less than men for performing the same work and are more likely to experience poverty, homelessness, and/or to support children on their income alone, Universal Rental Assistance can double as a **powerful tool for advancing gender equity.**
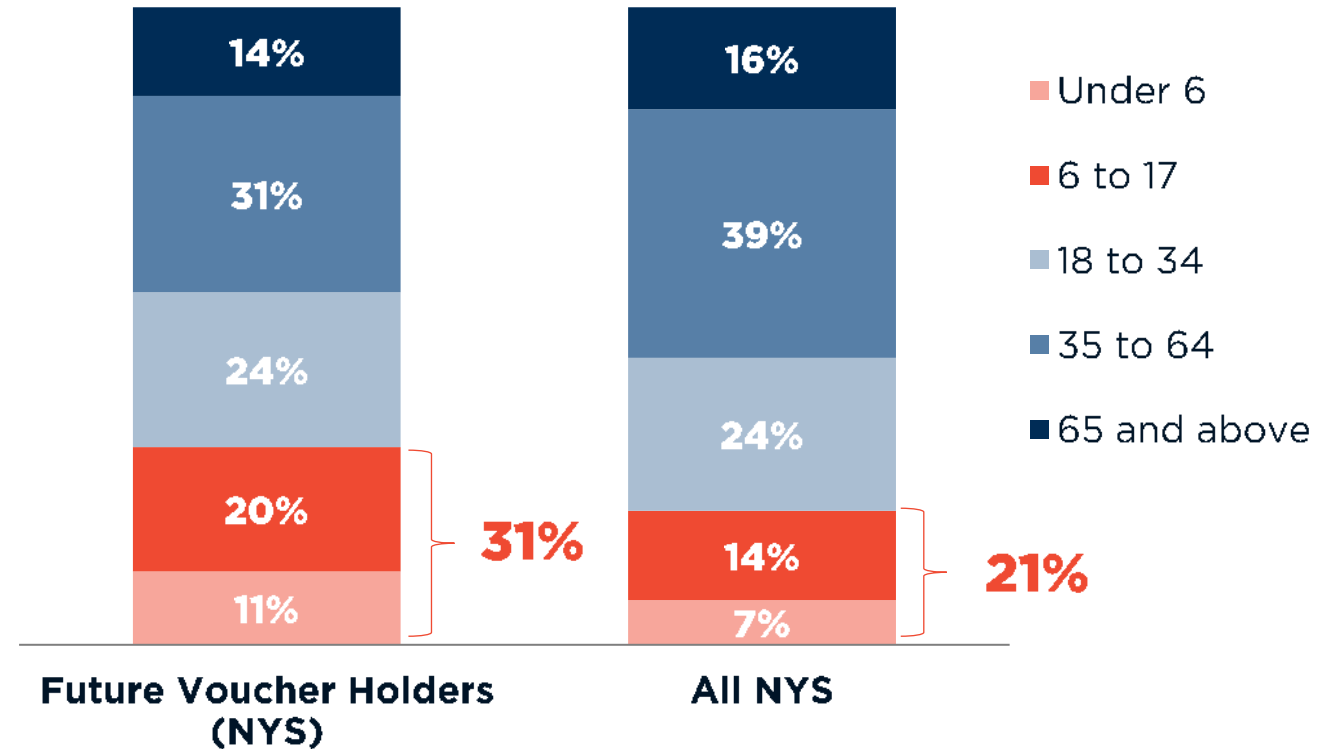
Household Type of Future Voucher Holders

Future Voucher Holders (NYS):
- 25% Male-headed households
- 55% Female-headed households
- 21% Married couple household

All NYS:
- 19% Male-headed households
- 30% Female-headed households
- 39% Married couple household
- 12% N/A (Group quarters/vacant)

Legend:
- N/A (Group quarters/vacant)
- Married couple household
- Female-headed households
- Male-headed households

Future Voucher Holders (NYS)   **All NYS**

FUTURE BENEFICIARIES

NY HC   HR&A

Universal Rental Assistance would further **reduce child poverty and homelessness by investing in families with children.**

Nearly **one in three future voucher households include children under 18**, compared to 21% in New York State as a whole.

Age of Future Voucher Holders

Future Voucher Holders (NYS)
- 14%
- 31%
- 24%
- 20%
- 11%

31%

All NYS
- 16%
- 39%
- 24%
- 14%
- 7%

21%

Legend:
- Under 6
- 6 to 17
- 18 to 34
- 35 to 64
- 65 and above

IMPACT ON HOUSEHOLDS

With Universal Rental Assistance, **households pay 30% of their income** on rent; the federal government picks up the remainder through a voucher, up to the established Fair Market Rent (FMR). Where rents exceed FMR, vouchers cover the portion between 30% of income and FMR, with households covering the rest.
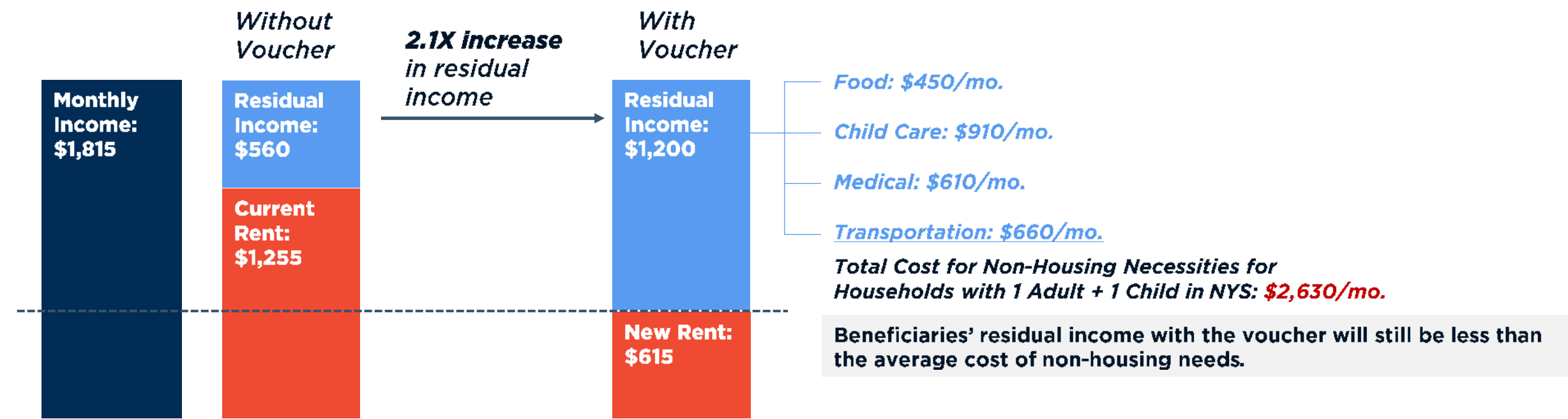

No Voucher Scenario

Current Rent < Fair Market Rent

Current Rent > Fair Market Rent
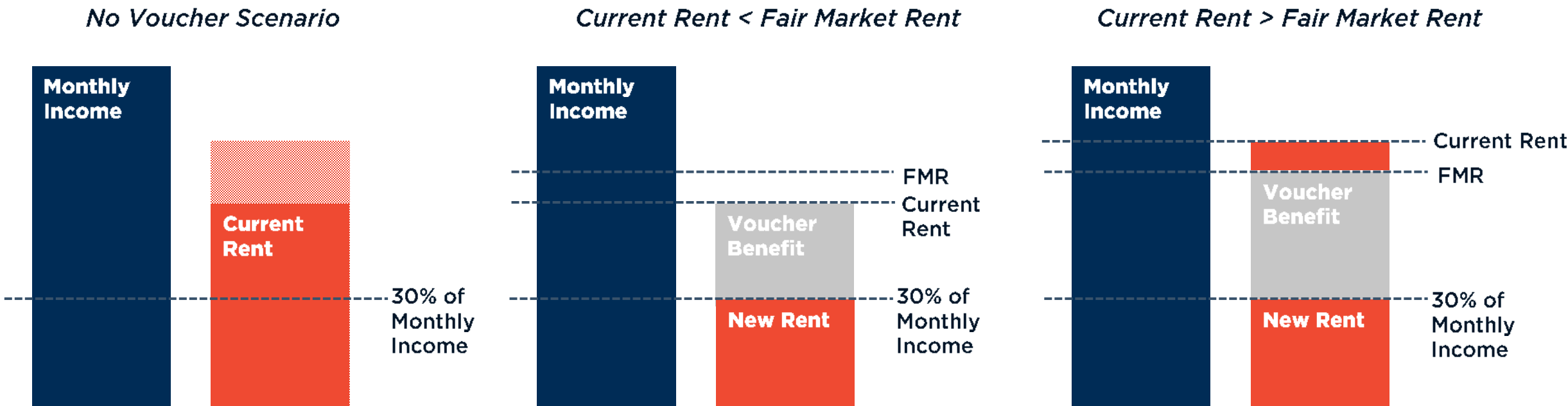
* Where rents exceed FMR payment standards, voucher holders may choose to pay up to 40% of income
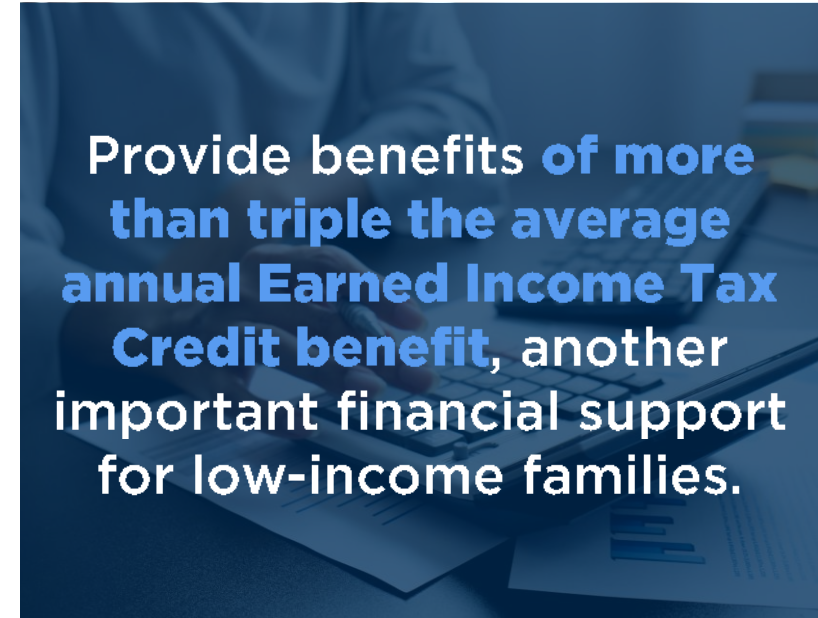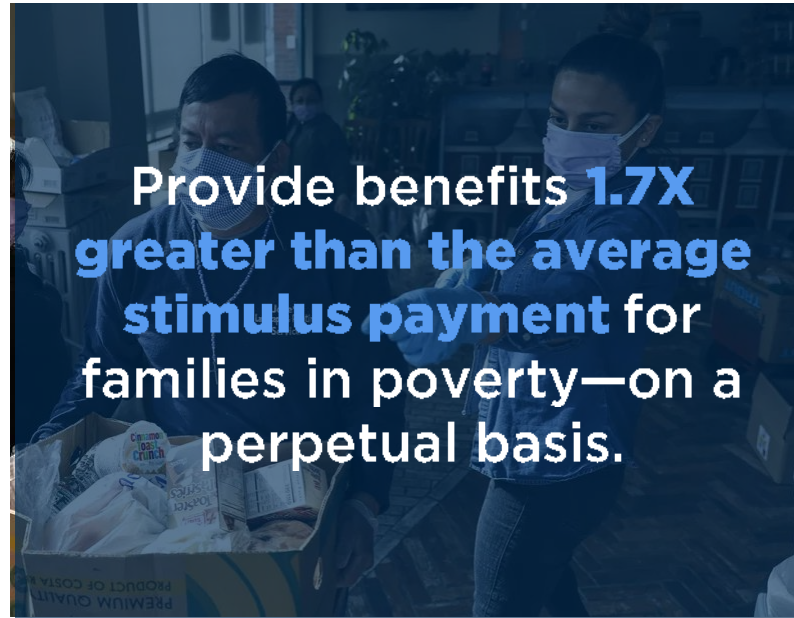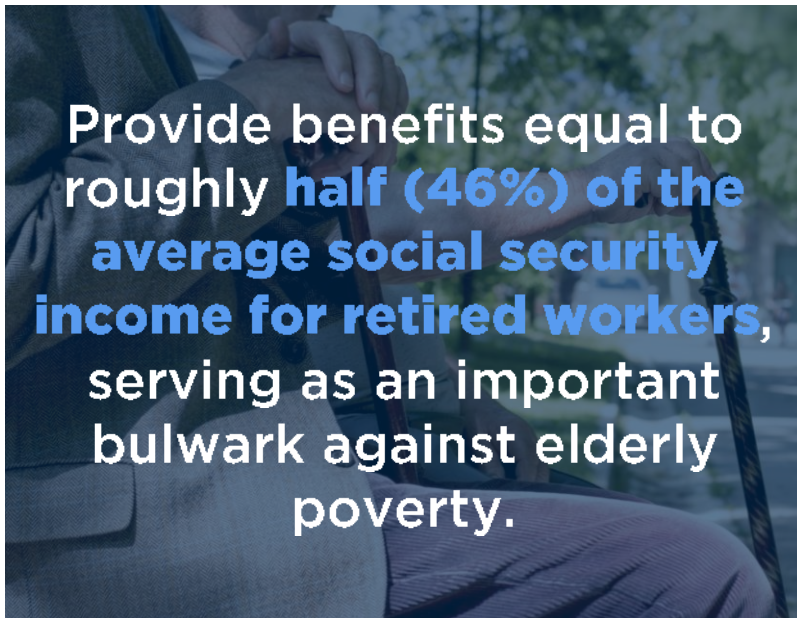
41

RESIDUAL INCOME

This benefit would **more than double beneficiary households' residual income**. The average amount households have left to spend on other necessities after paying rent **increases from $560 to $1,200 per month** with Universal Rental Assistance. Residual income covers basic necessities like groceries, transportation, childcare, and healthcare.

Without Voucher

With Voucher

2.1X increase in residual income

Monthly Income: $1,815

Residual Income: $560

Current Rent: $1,255

Residual Income: $1,200

New Rent: $615

Food: $450/mo.

Child Care: $910/mo.

Medical: $610/mo.

Transportation: $660/mo.

Total Cost for Non-Housing Necessities for Households with 1 Adult + 1 Child in NYS: $2,630/mo.

Beneficiaries' residual income with the voucher will still be less than the average cost of non-housing needs.

HOUSEHOLD SPENDING CAPACITY

By freeing up money that is no longer needed to cover rent, Universal Rental Assistance will increase household spending capacity across New York State by an average of **$7,680/year**, which would:

Provide benefits equal to roughly half (46%) of the average social security income for retired workers, serving as an important bulwark against elderly poverty.

Provide benefits 1.7X greater than the average stimulus payment for families in poverty—on a perpetual basis.

Provide benefits of more than triple the average annual Earned Income Tax Credit benefit, another important financial support for low-income families.

- *Per the U.S. Social Security Administration, the average monthly benefit among retired workers and dependents was $1,544 as of December 2020.*
- *Per the Urban Institute, families with projected 2021 income below the poverty threshold received an average of $4,620 in federal stimulus payments, state payments, and advance child tax credit payments.*
- *Per the Congressional Research Service, the average EITC benefit for all recipients in 2018 was $2,451.*

TOTAL SPENDING CAPACITY

Collectively, these savings will drive billions of dollars in new household spending capacity each year.

NEW YORK STATE

1.1M

**NEW VOUCHER HOUSEHOLDS
IN NEW YORK STATE**

$8.5B

**ANNUAL INCREASE IN DIRECT
SPENDING CAPACITY**

NEW YORK CITY

689K

**NEW VOUCHER HOUSEHOLDS
IN NEW YORK CITY**
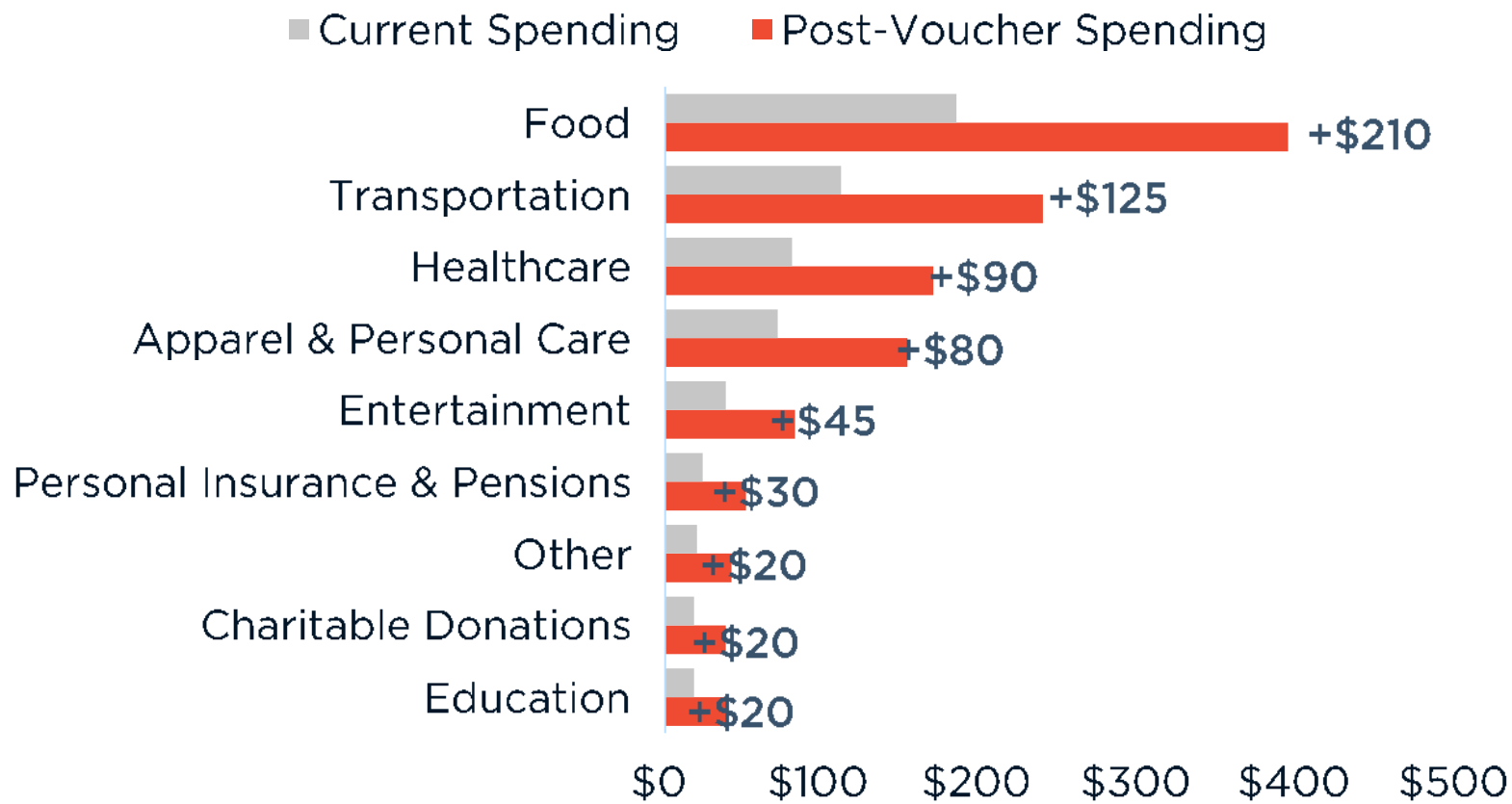
$5.8B

**ANNUAL INCREASE IN DIRECT
SPENDING CAPACITY**

Economic Impact

HOUSEHOLD SPENDING

MONTHLY HOUSEHOLD SPENDING DISTRIBUTION, BEFORE VS. AFTER VOUCHERS
Based on average increase in residual income of $640/month in NYS

Legend: ■ Current Spending   ■ Post-Voucher Spending

- Food: +$210
- Transportation: +$125
- Healthcare: +$90
- Apparel & Personal Care: +$80
- Entertainment: +$45
- Personal Insurance & Pensions: +$30
- Other: +$20
- Charitable Donations: +$20
- Education: +$20

X-axis: $0 $100 $200 $300 $400 $500

Housing comprises the single largest expenditure category for the average household and exceeds what New Yorkers in the bottom 20% of earnings spend on food, health care, education, and transportation per year **combined.**

With Universal Rental Assistance capping housing expenditures at 30% of household income, some of the **money currently spent on rent would be reallocated towards other necessities,** such as groceries, vehicle expenses, public transportation, healthcare, and education.

Source: U.S. Bureau of Labor Statistics Consumer Expenditure Survey. Current household spending patterns based on data for households in the lowest earnings quintile in New York State.

APPROACH

This reallocated spending constitutes **net new spending in the local economy**, since landlords will continue to receive full payment through vouchers. The economic impact of new spending enabled through Universal Rental Assistance can be described in terms of:

- **Employment**, or number of total workers (full- and part-time)

- **Earnings**, or employee wages and benefits

- **Economic output (spending)**, or the total value of production across all industries

APPROACH

Total economic impacts generated by initial spending among new voucher holders can be disaggregated into direct and follow-on impacts, whereby:

DIRECT

Effects from re-spending of rent savings among voucher holders. *For example, the average future voucher household will spend an additional $170/mo. at their local grocery and convenience stores, supporting jobs + earnings for employees of that store.*

DIRECT IMPACTS

INDIRECT

Effects from industry-to-industry transactions. *E.g. the grocery store uses part of that $170 to pay its suppliers, which supports jobs + earnings for workers of local suppliers.*

INDUCED

Effects from employee spending. *E.g. employees of both the grocery store and the suppliers supported by the grocery store will spend their wages in the economy.*

FOLLOW-ON IMPACTS

NEW YORK STATE IMPACTS

ANNUAL ECONOMIC IMPACT

$8.5 billion in increased household spending capacity upon full implementation of Universal Rental Assistance would generate 96,000 jobs in New York State, a 1% increase in total statewide employment. These jobs would earn $52K per year on average and generate $153K in annual economic activity. These impacts are inclusive of NYC.

$8.5 BILLION
INCREASED HOUSEHOLD SPENDING CAPACITY

96,000
JOBS SUPPORTED IN NEW YORK STATE, INCLUDING **64,000** DIRECT JOBS AND **32,000** JOBS GENERATED THROUGH FOLLOW-ON IMPACTS

$5.0 BILLION
INCREASED ANNUAL EARNINGS AMONG WORKERS IN NEW YORK STATE

$14.7 BILLION
TOTAL ANNUAL ECONOMIC ACTIVITY IN NEW YORK STATE

Source: U.S. Bureau of Labor Statistics Consumer Expenditure Survey; LMSI.

NEW YORK CITY IMPACTS

ANNUAL ECONOMIC IMPACT

$5.8 billion in increased household spending capacity upon full implementation of Universal Rental Assistance would generate 56,000 jobs in New York City, a 1% increase in citywide employment. These jobs would earn $55K per year on average and generate $163K in annual economic activity.

* New York City impacts are a subset of New York State

$5.8 BILLION
INCREASED HOUSEHOLD SPENDING CAPACITY

56,000
JOBS SUPPORTED IN NEW YORK CITY, INCLUDING 41,000 DIRECT JOBS AND 15,000 JOBS GENERATED THROUGH FOLLOW-ON IMPACTS

$3.1 BILLION
INCREASED ANNUAL EARNINGS AMONG WORKERS IN NEW YORK CITY

$9.1 BILLION
TOTAL ANNUAL ECONOMIC ACTIVITY IN NEW YORK CITY

EMPLOYMENT

JOB GROWTH FROM UNIVERSAL RENTAL ASSISTANCE BY SECTOR, NYC

The majority of new jobs in New York City would be in the **retail, health care & social assistance, and accommodation & food services sectors**, accounting for nearly 38K of the 56K total jobs generated in New York City.

NEW JOBS ADDED

Sector	New Jobs Added
Retail Trade	25.2K
Health Care and Social Assistance	7.5K
Accommodation and Food Services	5.3K
Other Services	5.1K
Real Estate and Rental and Leasing	2.2K
Transportation and Warehousing	2.0K
Educational Services	1.9K
Professional, Scientific, and Technical Services	1.4K
Finance and Insurance	1.4K
Admin + Waste	1.3K

INDUSTRIES IMPACTED BY UNIVERSAL RENTAL ASSISTANCE

EMPLOYMENT

The COVID-19 pandemic erased a decade-long economic expansion in NYC in a matter of weeks. The local economy added 980,000 private sector jobs—roughly a one-third increase—between August 2009 and February 2020. Virtually all these gains were erased within the first 2 months of the pandemic. Total non-farm employment in NYC as of June 2021 was down 535,000 compared to pre-pandemic levels. **Universal Rental Assistance would help the city recover 1 in 10 of jobs lost during COVID.**

NYC Employment, 2000-2021

-535,000 jobs between February 2020 and June 2021

5,000,000
4,000,000
3,000,000
2,000,000

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021
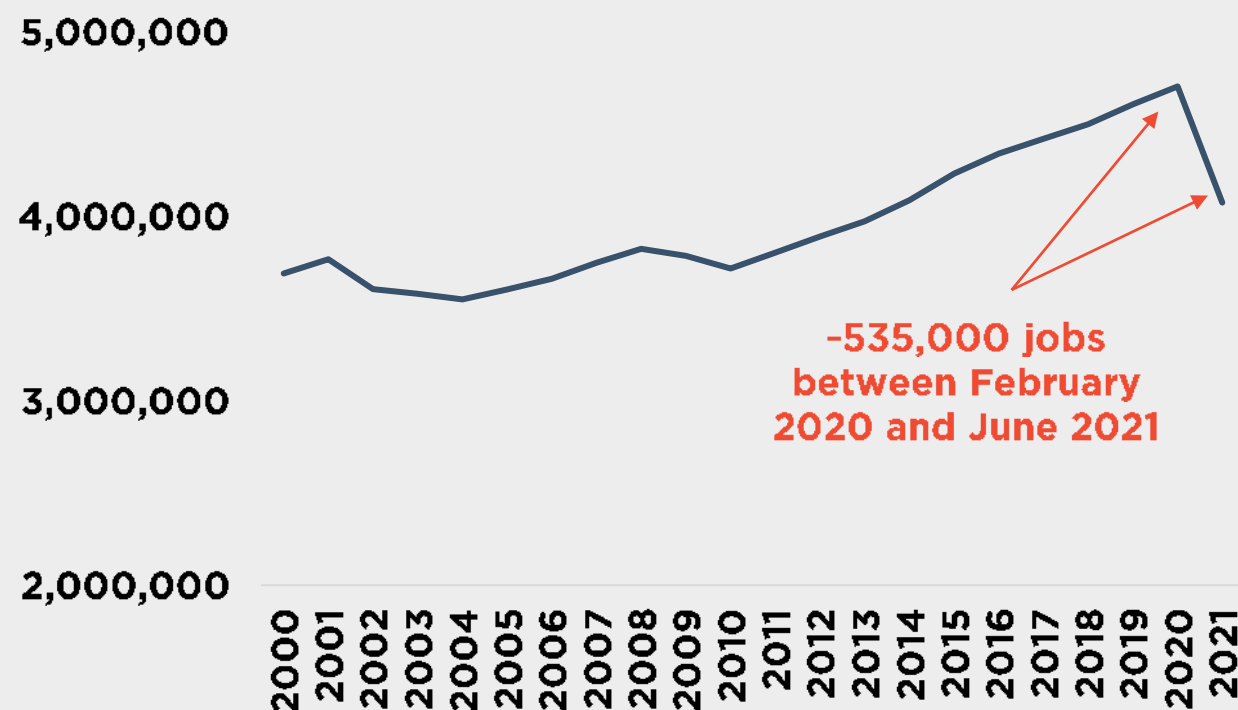
EMPLOYMENT

These jobs would be largely accessible to future beneficiaries themselves. Three out of four jobs generated through Universal Rental Assistance in New York City and New York State require no formal education or high school diploma. 62% of future beneficiaries in New York State have a high school diploma or below as their highest level of education.

Future Job Requirements

17% B.A. or Above

8% Less than 4-year degree

75% High school or below

Future Beneficiaries

15% B.A. or Above

23% Less than 4-year degree

62% High school or below
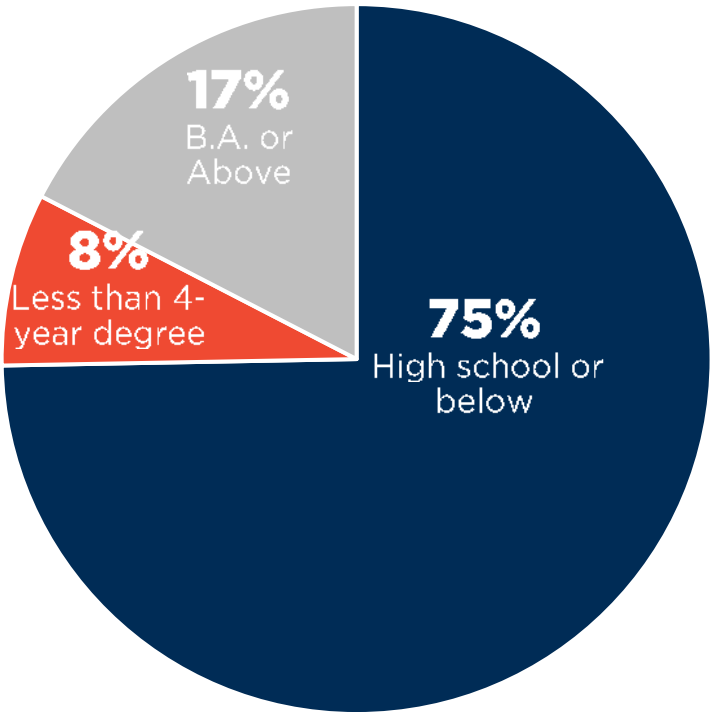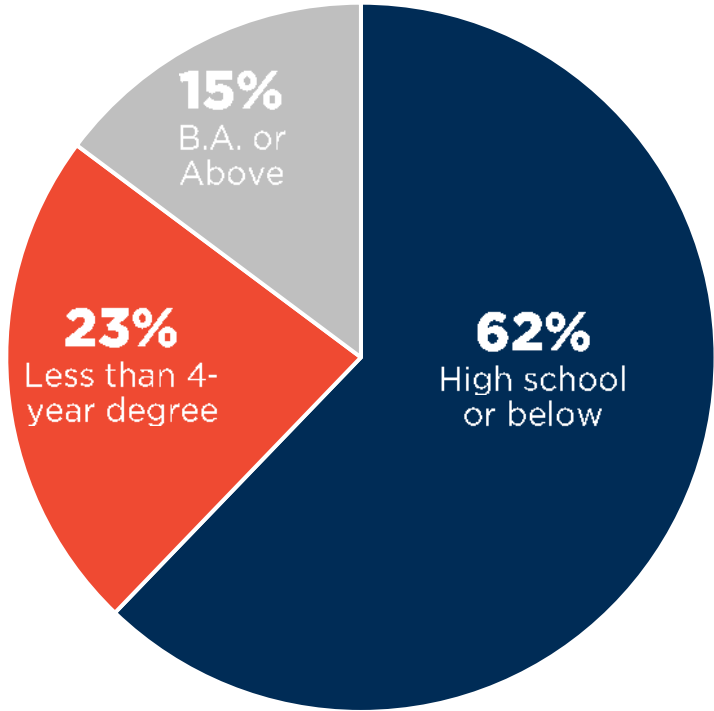
Source: LMSI: PUMS. Future beneficiaries reflect those ages 25 years and above.

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EMPLOYMENT

Jobs generated by increased household spending potential will be **accessible to workers of all races and ethnicities**. Based on the current demographic makeup of New York City employees by occupation, new jobs added in the city are more likely to employ Hispanic or Latino and Asian workers relative to respective shares of the overall job market.

Race/Ethnicity of New Jobs from URA vs. Current Jobs, New York City

Race / Ethnicity	% of Jobs Generated by URA	% of Total NYC Jobs
White	44%	47%
Black	17%	17%
Asian	14%	13%
Two or More Races	1%	2%
Hispanic or Latino	24%	20%

LOCAL IMPACTS

Nearly half of the new $5.8B in new direct spending in NYC will be spent on food and retail, helping to sustain local grocers, convenience stores, restaurants, and retailers in surrounding communities. This **increased demand could help to attract new retailers to areas where future voucher holders live**, which are predominately areas currently underserved by fresh food stores. The average future voucher household will **spend an additional $170/mo. on groceries.** Local spending on necessity items enabled through other federal programs such as SNAP has been shown to generate business for retailers of all sizes and is an **especially important source of revenue for small businesses.**
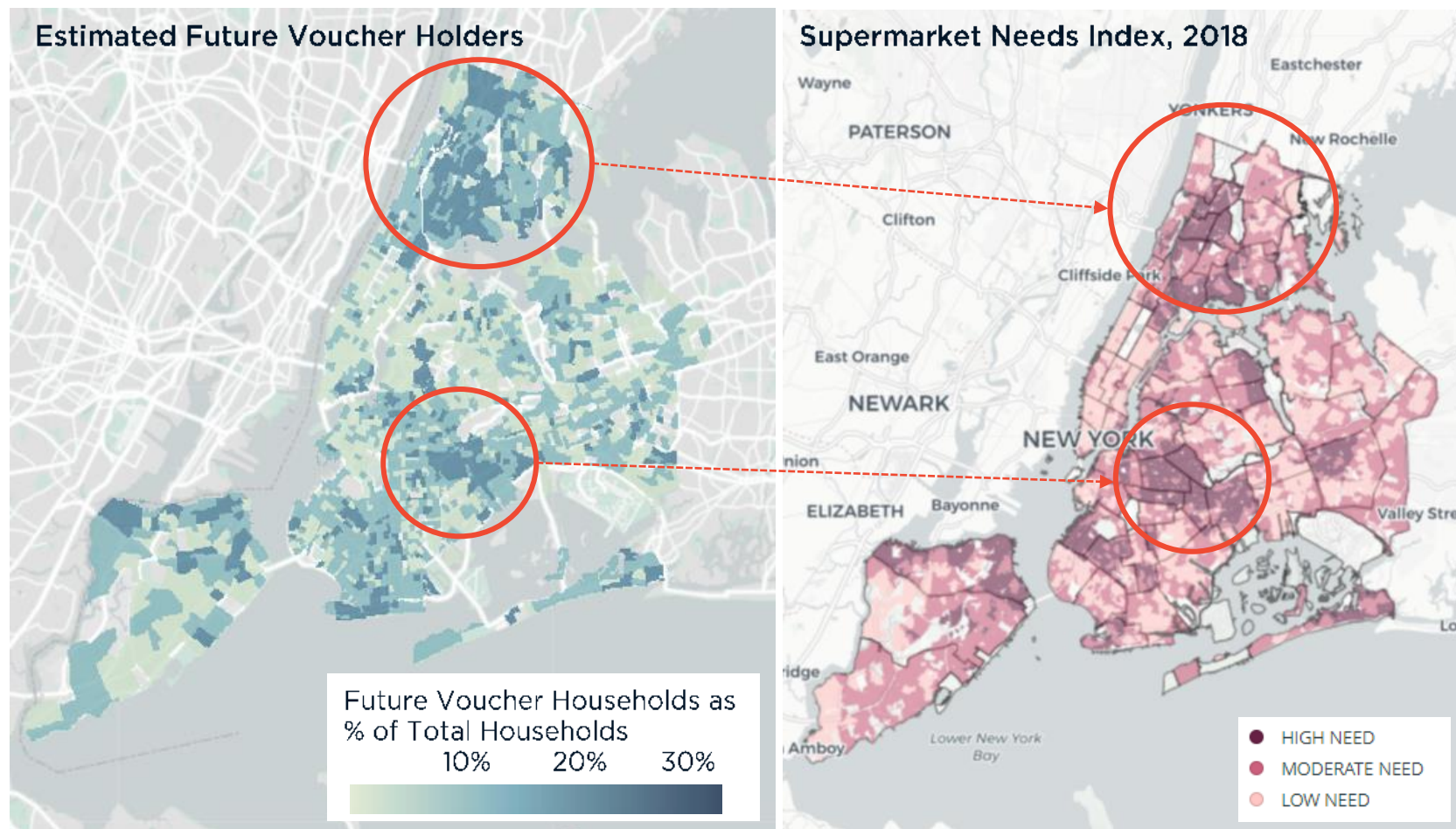
Estimated Future Voucher Holders

Future Voucher Households as % of Total Households

10%   20%   30%

Supermarket Needs Index, 2018

- HIGH NEED
- MODERATE NEED
- LOW NEED

HOUSING PRODUCTION

Universal Housing Choice Vouchers will spur the creation of more affordable housing. Subsidized developments would see **higher net operating incomes** if vouchers could be used to cover the difference between maximum allowable rents for households making at or below 50% AMI and Fair Market Rents. This in turn would **allow the developer to support more debt, directly reducing the amount of tax credits or City subsidy required** per new unit.
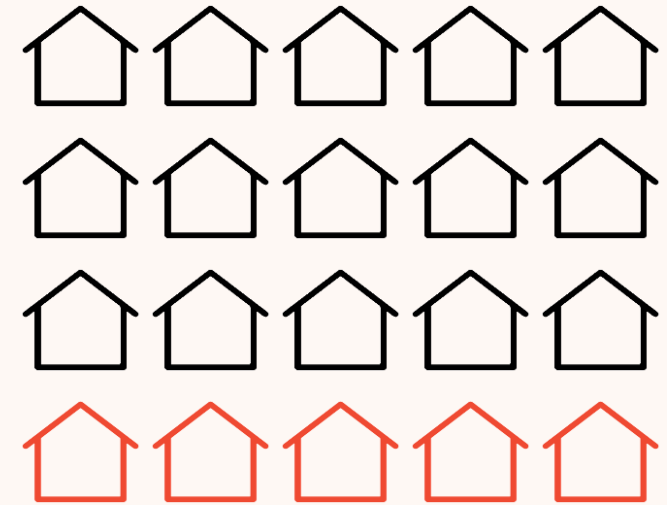
Illustrative Capital Stack for New Affordable Housing Development

~**80%**
LIHTC + HPD/HDC Subsidy

60%
LIHTC + HPD/HDC Subsidy

Baseline:
- 5% (Other)
- 35% (Tax Credits)
- 44% (City Subsidy)
- 16% (Debt)

Universal Rental Assistance:
- 5% (Other)
- 27% (Tax Credits)
- 33% (City Subsidy)
- 35% (Debt)

Baseline   **Universal Rental Assistance**

■ Debt ■ City Subsidy ■ Tax Credits ■ Other

Source: HR&A analysis of term sheets for recent 4% LIHTC deals in New York City that are also receiving HPD/HDC subsidies.
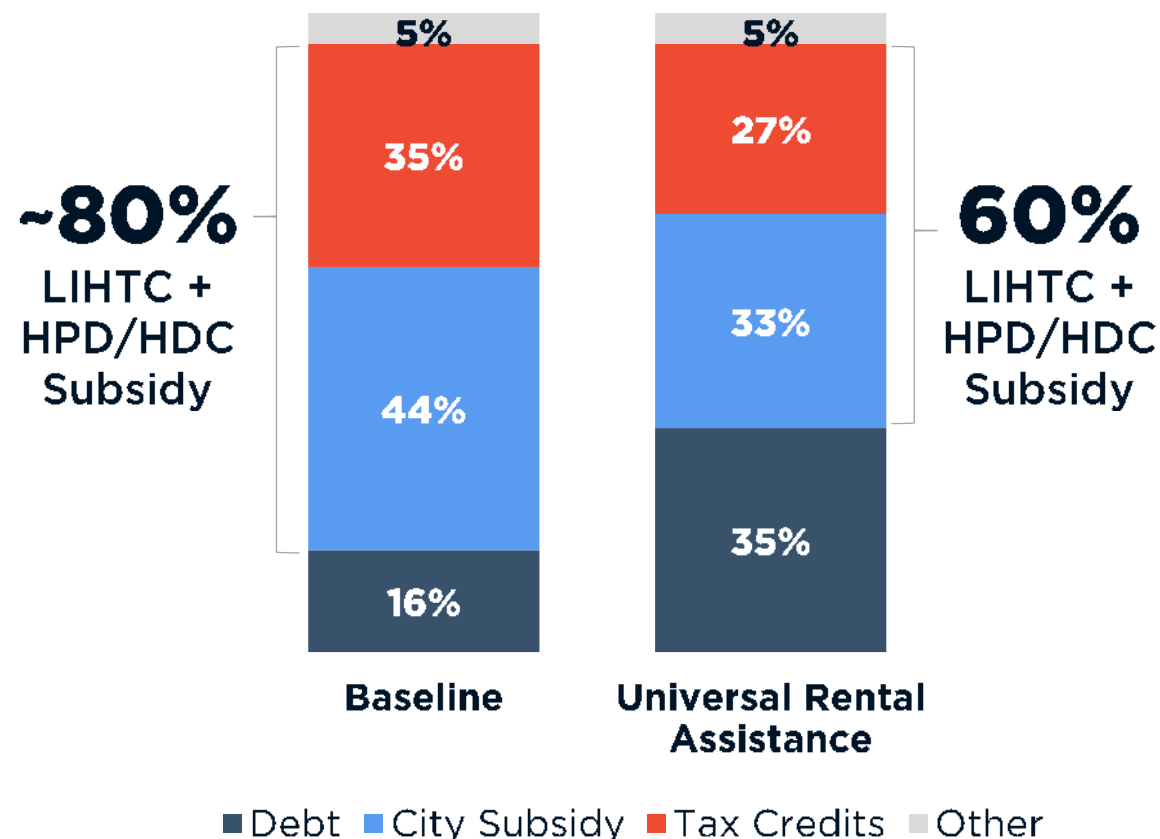
HOUSING PRODUCTION

With fewer public subsidies and tax credits required to deliver each new unit of affordable housing, **public dollars could stretch further** to cover more deals and deliver more units. By increasing the amount of supportable debt and allowing public dollars to extend further, **Universal Rental Assistance would expand the pipeline of affordable housing development by approximately one-third**.

Universal Rental Assistance is **not expected to have a significant impact on market rate housing production** locally, as fair market rents are typically not high enough to support new construction, particularly in New York City.

+33%

INCREASE IN AFFORDABLE HOUSING DEVELOPMENT IN NEW YORK CITY

Source: HR&A analysis of term sheets for recent 4% LIHTC deals in New York City that are also receiving HPD/HDC subsidies.

HOUSING PRODUCTION

Under existing program parameters, PHAs can also use up to 20% of housing choice vouchers for project-based vouchers, which are tied to specific housing units rather than individual residents. By project-basing a portion of vouchers in targeted housing developments, PHAs can **expand and/or preserve the supply of affordable rental housing** in gentrifying neighborhoods and areas proximate to **public transit, quality schools, job opportunities, and other social services and amenities**.

NEW YORK STATE

1.1M

NEW HOUSING CHOICE VOUCHERS

220K

NEW PROJECT-BASED UNITS IN NEW YORK STATE

NEW YORK CITY

689K

NEW HOUSING CHOICE VOUCHERS

138K

NEW PROJECT-BASED UNITS IN NEW YORK CITY
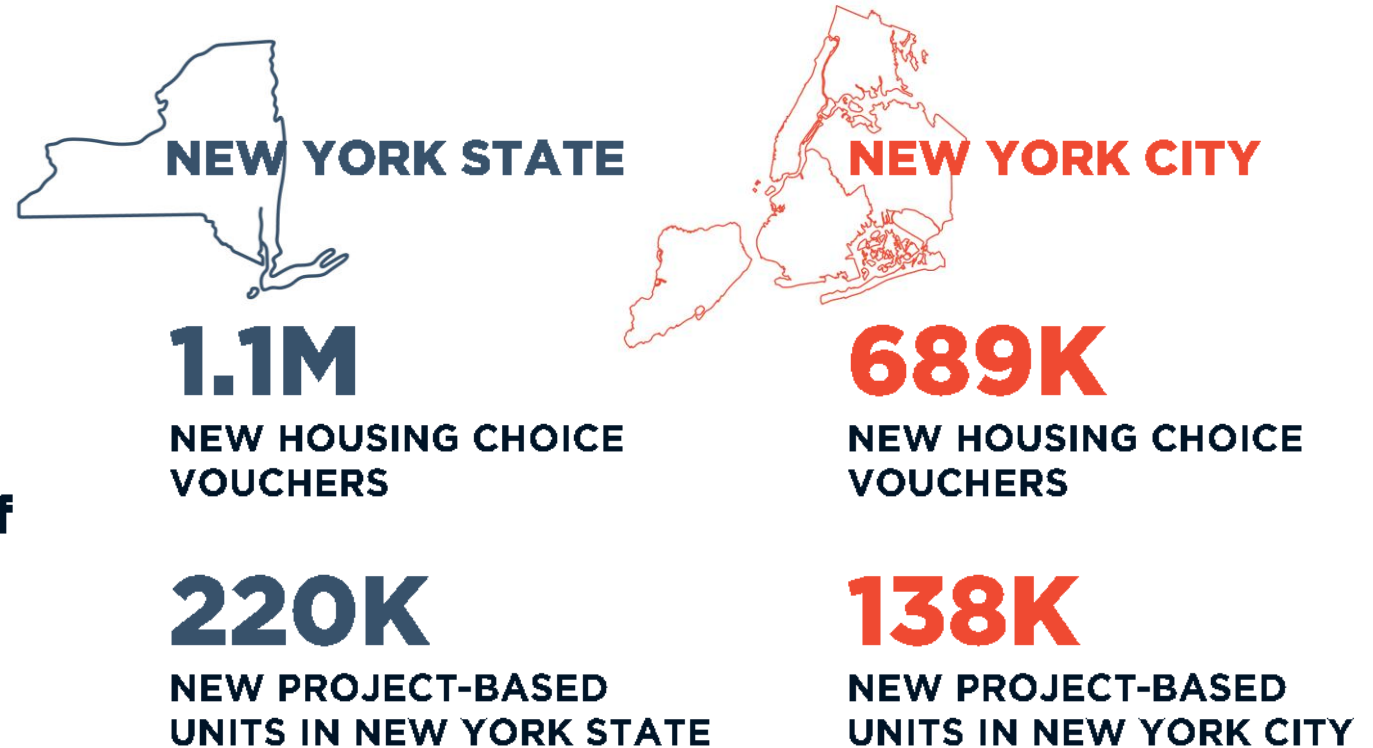
HOUSING PRICES

These impacts assume all complementary investments are made to mitigate the unintended consequences of universal vouchers, including potential impacts on unsubsidized households. A subset of households **will face increased competition for housing from new voucher holders** who can now afford to pay up to FMR. The existing research on the impact of vouchers on rents is mixed but this may place **upward pressure on rents** absent proactive mitigation measures.

Households at risk of increased housing cost burden or displacement are those that:

1. Do **not qualify for Universal Rental Assistance**—including those earning above the income limit and non-U.S. citizens;
2. Are currently **paying below FMR**;
3. Are living in **unregulated units**; AND
4. Are **currently housing cost burdened** or would **become cost burdened** were rents increase to FMR.

A phased-in approach that covers all eligible low-income households (or those making up to 80% AMI) would **significantly reduce the number of households at risk of increased housing cost burden or displacement.**

EXISTING LITERATURE ON VOUCHERS + RENTS

- The Housing Assistance Supply Experiment from the 1970s offered vouchers to all income-eligible participants in two cities and found **no significant differences in market rents** among cities that received vouchers and those that did not.

- A 2002 study found low-income households in metro **areas with more vouchers experienced faster rent growth** than those where vouchers were less prevalent.

- A 2015 study **found no statistically or economically meaningful impact of increased voucher supply on overall rents**; rather, the study showed voucher recipients increase demand for higher-quality units but decrease demand for lower-quality units they would have otherwise occupied.

Source: R. Struyk. M. Bendick. *Housing Vouchers for the Poor: Lessons from the Housing Experiment* (1981); Scott Susin, *Rent vouchers and the price of low-income housing.* Journal of Public Economics (2002); Michael Eriksen, Amanda Ross, *Housing Vouchers and the Price of Rental Housing.* American Economic Journal (2015).

ENVIRONMENTAL IMPACT

$2.5B

green energy upgrades catalyzed by Universal Rental Assistance

10X

the amount currently spent on building energy improvements in NYC per year
($235M in 2018)

In addition to expanding supply, Universal Rental Assistance will **improve the existing stock of affordable units** through increased and more reliable cash flows to landlords that make it easier to finance capital improvements and bring units into compliance with HUD's Housing Quality Standards.

Universal Rental Assistance could spur **the greatest infusion of spending in the green energy market to-date if designed in ways that avoid the split incentive problem**, whereby tenants tend to overconsume when the owner is the one bearing the cost of utilities, while owners have little incentive to invest in cost-saving energy upgrades when tenants are the ones paying. **Utility allowances could incentivize landlords accepting vouchers to fund green retrofits**, such as window replacements or high-efficiency lighting installation, if landlords are able to capture the value of energy cost savings. Expansion of green retrofits in privately owned rental units would help reduce long-term utility costs, conserve natural resources, and create healthy living environments for tenants.

Universal Rental Assistance, in expanding utility allowances to 689K additional voucher units in NYC, could leverage roughly **$2.5 billion in green energy upgrades** among privately owned rentals. This is equivalent to **12% of the entire estimated energy retrofit market opportunity** associated with NYC's building emissions law (Local Law 97), which is expected to yield $20B in energy upgrades over the next 10 years. Local Law 97, regarded as the most ambitious municipal emissions legislation in the world, covers nearly 60% of NYC's total building area, with aims to cut citywide emissions in half by 2030. If limited to new project-based vouchers only, Universal Rental Assistance could leverage approximately $500M in energy upgrades.

Note: Estimated cost savings based on an assessment of retrofits carried out by PHAs through a competitive grant program administrated by HUD, which found that they generated a 20% savings in energy usage, saving each unit an average of $288 in utility costs annually. Analysis assumes a required return on cost of 10%.
Source: Urban Green Council, *Retrofit Market Analysis.*

Fiscal Impact

APPROACH

New household spending activity facilitated through Universal Rental Assistance will drive incremental tax revenues at the local and state levels. Potential fiscal impacts were estimated using the historical average ratio between employee earnings and total tax revenues (personal income taxes, sales taxes, business taxes, and real property taxes, where applicable) in NYC and NYS. While the relationship between earnings and tax revenues may vary by tax type, we assume that, on average, an increase in earnings will proportionally increase tax payments across local tax types.

*Note that while additional revenues are likely to accrue to the federal government along with cost savings stemming from voucher holders' reduced reliance on social welfare programs such as SNAP, this analysis is focused on the **impacts of Universal Rental Assistance in and on the jurisdictions of New York City and New York State only**, and as such, makes no attempt to quantify impacts at the federal level.*

FISCAL IMPACT

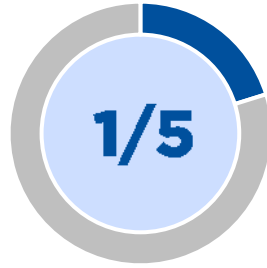| Jobs Created From Household Spending Increase | | Total Potential Earnings Impact | X | Ratio of Historical Earnings to Tax Revenue (2015-2019 average) | = | Fiscal Impact of Household Spending Increase from Universal Rental Assistance |

NEW YORK STATE

In NYS, additional household spending from Universal Rental Assistance would **generate $424 million in tax revenues,** making up approximately 0.5% of the state's 2019 tax revenues. The largest contributor to these tax revenues is individual income tax.

Additional tax revenues will help fund important public services in New York State, including:

ANNUAL FISCAL IMPACT OF UNIVERSAL RENTAL ASSISTANCE IN NEW YORK STATE EQUAL TO....
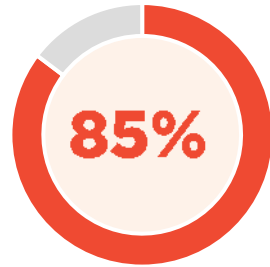
35%
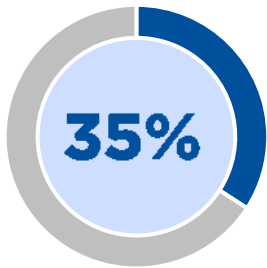
OF STATE HOMES & COMMUNITY RENEWAL BUDGET ($1.2B FOR FY22)

1/5

OF STATE EXCLUDED WORKERS FUND ($2.1B FOR FY22)

Source: U.S. BLA,;U.S. Census Bureau's Annual Survey of State Tax Collections; NYS Fiscal Year 2022 Enacted Budget; Wall Street Journal: NY Senate.

NEW YORK CITY

In NYC, the additional household spending from Universal Rental Assistance would **lead to $313 million in new tax revenues,** or about 0.6% of the City's 2019 tax revenues. $136 million of this revenue will be from property taxes. NYC draws the greatest share of local revenue from property taxes, which were hit particularly hard by the pandemic. Universal Rental Assistance would allow landlords to continue collecting rents and continue paying property taxes, therefore **helping to sustain the City's largest source of revenue.**

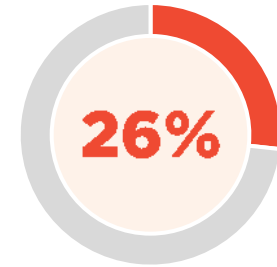## ANNUAL FISCAL IMPACT OF UNIVERSAL RENTAL ASSISTANCE IN NEW YORK CITY EQUAL TO....
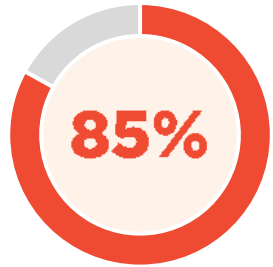
85%	**85%**	**55%**	**26%**
OF CITY'S UNIVERSAL 3-K FOR ALL ($377M FOR FY22)	NYC YOUTH EMPLOYMENT & SUMMER PROGRAMS ($367M FOR FY22)	COST OF CITY HPD HOUSING OPERATIONS ($572M FOR FY22)	FAMILY SHELTER OPERATIONS + ADMIN. ($1.2B FOR FY22)
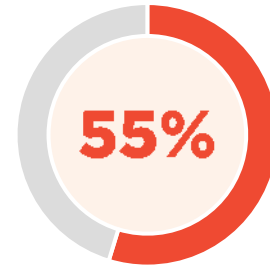
MUNICIPAL COST SAVINGS

$2.2 billion
Annual spending by the Department of Homeless Services (DHS) on shelter and street programs (FY22)

$515 million
Annual cost of rental subsidies for those leaving/exiting shelters or at risk of entering shelters, including City Fighting Homelessness & Eviction Prevention Supplement (CityFHEPS) (FY22)

$215 million
Annual spending by the Human Resources Administration on emergency rent or mortgage assistance through the One-Shot Deal program (FY20)

$166 million
Annual spending on legal services for tenants facing eviction under universal right to counsel policy (FY22)

More resources available for services and investments in communities to prevent homelessness and tackle the affordability crisis

In addition to increased local tax revenues stemming from new household spending, Universal Rental Assistance will **reduce, but not eliminate, local government expenditures on services and programs currently serving as a housing safety net of last resort, freeing up the budget for other critical investments.**

Sample categories of direct cost savings include local spending on homeless shelter stays, local rental subsidies, emergency rental assistance, and tenant legal services.

Source: NYC Office of the Comptroller; NYC City Council; New York Times; Coalition for the Homeless; City Limits; National Equity Atlas; New York City Human Resources Administration Office of Civil Justice.

65

MUNICIPAL COST SAVINGS

$2.2 billion
Annual spending by the Department of Homeless Services (DHS) on shelter and street programs (FY22)

$515 million
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$166 million
Annual spending on legal services for tenants facing eviction under universal right to counsel policy (FY22)

Spending on homeless services across all City agencies more than doubled to $3.5 billion between FY 2014 and FY 2020. On average, it costs $73,000 per year to provide emergency shelter to a family. Rental assistance for families exiting homelessness through the CityFHEPS program costs about $27,000 per household per year with the new rate increases as of May 2021.

The municipal costs of homelessness and housing insecurity extend beyond DHS; the NYC Department of Education spends roughly $30 million each year providing services to more than 111,000 children who lack stable housing—or approximately one in ten students.

With Universal Rental Assistance, New York City would be able to direct a portion of current spending on temporary shelter, local rental assistance, and other homeless services towards providing direct services within the community.

MUNICIPAL COST SAVINGS

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Annual spending on legal services for tenants facing eviction under universal right to counsel policy (FY22)

Universal Rental Assistance would also **reduce the need for emergency rental assistance programs,** like the NYC Human Resources Administration (HRA) One-Shot Deal. HRA provides emergency rental arrears payments for households facing an unexpected situation, such as homelessness, eviction, utility disconnection, dire disaster, or domestic violence. In FY 2020, HRA spent $215 million on one-shot grants for 50,000 households.

Over 500,000 NYC households are estimated to be behind on rent owing to the COVID-19 crisis, totaling over $2.2 billion in rent debt. Universal Rental Assistance will help reduce future backlogs and the need for emergency rental grants.

Source: National Equity Atlas, Rent Debt Dashboard.

MUNICIPAL COST SAVINGS

$2.2 billion
Annual spending by the Department of Homeless Services (DHS) on shelter and street programs (FY22)

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Annual cost of rental subsidies for those leaving/exiting shelters or at risk of entering shelters, including CityFHEPS (FY22)

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Annual spending by the Human Resources Administration on emergency rent or mortgage assistance through the One-Shot Deal program (FY20)

$166 million
Annual spending on legal services for tenants facing eviction under universal right to counsel policy (FY22)

As part of efforts to prevent homelessness, New York City has provided **free legal services to over 350,000 New Yorkers facing eviction** since the universal right to counsel policy was enacted in 2017. The FY 2022 budget for tenant legal services programs is approximately $166 million.

With Universal Rental Assistance, households will no longer have to decide whether to buy groceries and medicine or pay rent, driving down eviction rates and with it, City spending on tenant legal services. These savings could be reallocated towards bolstering local enforcement of Fair Housing Act requirements to ensure that voucher holders have equitable access to quality, affordable housing.

Source: New York City Human Resources Administration Office of Civil Justice.

Appendix

NEW VOUCHER HOLDERS

According to HCR and HPD, 18% and 12.6% of existing voucher holders in New York State and New York City, respectively, are currently paying more than 30% of their income on rent.

Since existing voucher holders who are rent burdened would otherwise meet the initial eligibility criteria established for the purposes of this analysis, HR&A subtracted these households from the number of total eligible voucher holders when estimating total "net new" voucher holders.

As a result, 96% of the original eligible household estimates were categorized as "net new" voucher holders. This haircut has been applied to the household spending estimates that informed the economic and fiscal impact analysis.
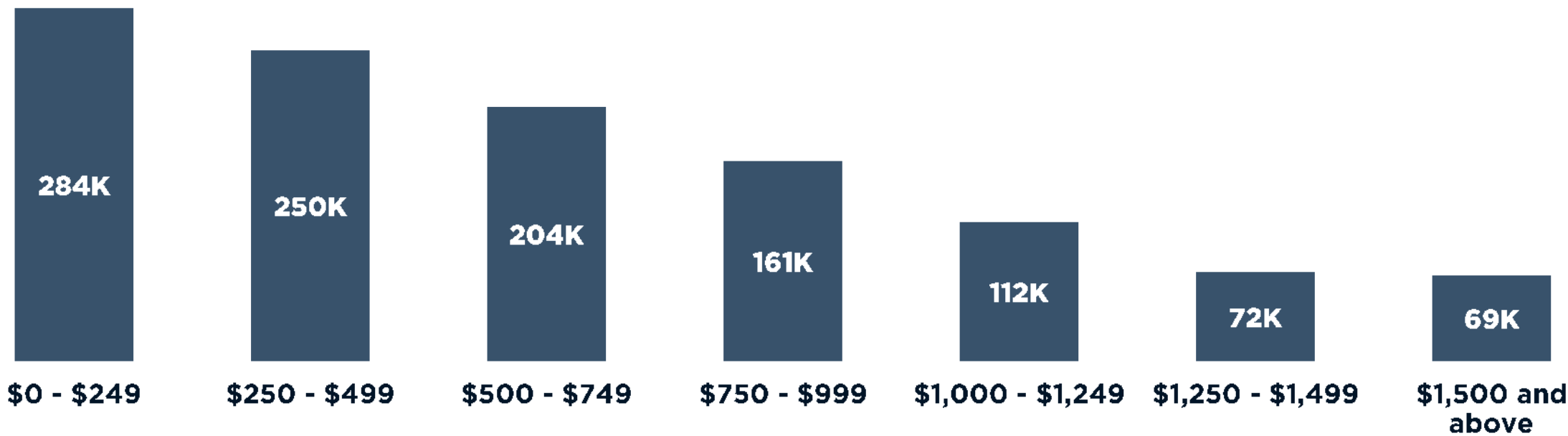
NET NEW VOUCHER HOUSEHOLDS

	Eligible voucher holders (households)	Existing rent-burdened voucher holders	Net new households	Haircut
New York State *(Excluding New York City)*	440K	(25K)	415K	94%
New York City	712K	(24K)	689K	97%
Total New York State	1.2M	48K	1.1M	96%

IMPACT ON HOUSEHOLDS

On average, future beneficiary households would receive **$640/month** through vouchers in New York State and **$705/month** in New York City, though the distribution of household savings varies.

NUMBER OF HOUSEHOLDS RECEIVING VOUCHERS BY MONTHLY VOUCHER SIZE, NEW YORK STATE

284K	250K	204K	161K	112K	72K	69K
$0 - $249	$250 - $499	$500 - $749	$750 - $999	$1,000 - $1,249	$1,250 - $1,499	$1,500 and above

Note: Average voucher sizes reflect FMR cap.

ECONOMIC IMPACT

HOUSEHOLD SPENDING POTENTIAL OF FUTURE VOUCHER HOLDERS

Spending Category	Current Spending of Lowest 20% of NYS Incomes	Updated Spending Post Voucher	Distribution of Non-Housing Spending
Housing	46%	30%	--
Food	18%	23%	33%
Transportation	11%	14%	20%
Healthcare	8%	10%	14%
Apparel & Personal Care	7%	9%	13%
Entertainment	4%	5%	7%
Education	2%	2%	3%
Personal Insurance & Pensions	2%	3%	4%
Other	2%	2%	3%
Charitable Donations	2%	2%	3%
Total	100%	100%	100%

In order to calculate new household spending as a result of Universal Rental Assistance, HR&A used spending patterns for households in the lowest income quintile in New York State from U.S. Bureau of Labor Statistics Consumer Expenditure Survey, shown in Column 2.

In Column 3, HR&A adjusted spending patterns for a post-voucher scenario to reflect spending on housing capped at 30% of income. The money saved on housing was distributed proportionally to non-housing categories.

In Column 4, HR&A calculated the estimated distribution of non-housing spending, which was then applied to the total rent savings as a result of Universal Rent Assistance ($8.5 billion in NYS, $5.8 in NYC).

The expansion of Fair Fares in NYC may reduce household spending on transportation in the long term but is not reflected in the spending estimates here as the program remains in preliminary phases of implementation.

ECONOMIC + FISCAL IMPACT

ECONOMIC IMPACT

Based on the distribution of non-housing spending, HR&A used **an input-output model called Emsi** to estimate the economic impacts of new spending by sector in terms of jobs, earnings, and output, as well as to understand the distribution of those impacts. An input-output model represents the flow of money in the economy. The model calculates how a change in spending or sales affects the economy of a region based on how it flows through industries. The primary source underlying Emsi's input-output model is the Bureau of Economic Analysis (BEA) Industry Economic Accounts database.
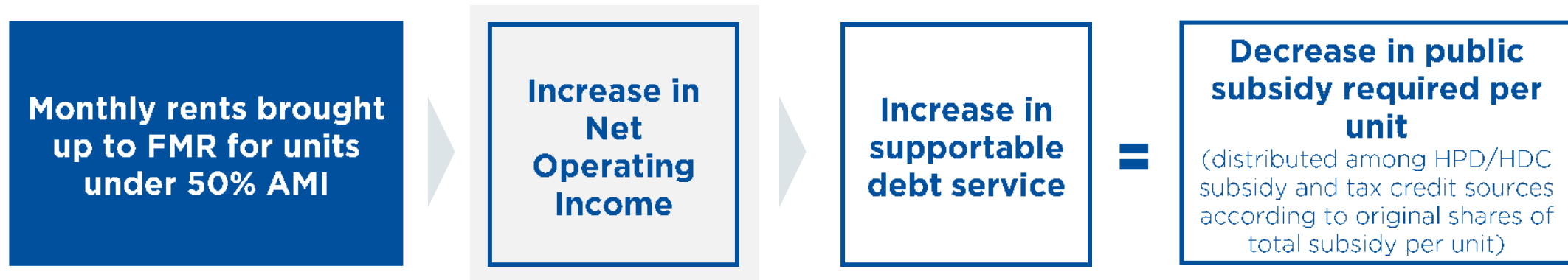
FISCAL IMPACT

HR&A's fiscal impact analysis focuses on the impacts that additional household spending as a result of Universal Rental Assistance could have on **local revenues**.

- Our fiscal impact model evaluates the **historical ratio of earnings and local tax revenues from 2015 to 2019.** Earnings for New York City and New York State were sourced from the Bureau of Economic Analysis. The local revenues considered for New York City include individual income taxes, real property taxes, corporate income taxes, and sales taxes, sourced from the NYC Office of Management and Budget. The local revenues considered for New York State include individual income taxes, corporate income taxes, and sales taxes, sourced from the U.S. Census Bureau Annual Survey of State Tax Collections.

- While the relationship between earnings and tax revenues may vary by tax type, we assume that, on average, an increase in earnings will proportionally increase tax payments across local tax types.

HOUSING PRODUCTION

To estimate changes in affordable housing production, HR&A utilized developer pro formas from recent 4% tax credit deals in New York City to model the increase in supportable debt that would be enabled through use of Housing Choice Vouchers for units dedicated to households earning less than 50% AMI, the income eligibility threshold assumed for Universal Rental Assistance. An increase in debt financing allows for reductions in other capital sources, particularly HPD/HDC subsidies and Low-Income Housing Tax Credits. These public sources would be reduced proportionately by the size of the increase in supportable debt, delivering the same number of affordable units with fewer public resources, all else equal.

With fewer public subsidies and tax credits required to deliver each new unit of affordable housing, public dollars could stretch further to cover more deals and deliver more units. To estimate the change in units, HR&A divided the total annual allocation of 4% credits for new construction in New York City and capital funding for very low-income and extremely low-income housing from the New York City capital budget by the total amount of subsidy (HPD/HDC subsidy and tax credits) per dwelling unit under baseline conditions versus with Universal Rental Assistance. An approximately 25% reduction in subsidy required per unit would allow for an increase in the number of new affordable housing units produced per year of roughly one-third assuming the same total amount of public dollars are allocated annually.

| Monthly rents brought up to FMR for units under 50% AMI | > | Increase in Net Operating Income | > | Increase in supportable debt service | = | Decrease in public subsidy required per unit (distributed among HPD/HDC subsidy and tax credit sources according to original shares of total subsidy per unit) |

ACKNOWLEDGEMENTS

HR&A had conversations with an Advisory Group of housing experts to gather qualitative insights, which were used to contextualize our analysis. The Advisory Group members also provided feedback on quantitative methodologies. Additional contributors provided critical data points that informed the analysis for this report. This report does not necessarily reflect the views or regulatory agenda of advisory group members or their respective organizations.

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