Popular federal supply-side rental subsidy does little to prevent evictions of working-age adults, new study shows

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Federal housing subsidies are created to provide greater housing stability and reduce eviction rates. Research at Georgia State University shows they work well for seniors in low-income housing tax credit (LIHTC) subsidized multifamily rental buildings, where mean annual eviction rates average nearly 11 percentage points below that for non-senior, market-rate properties.

However, LIHTC subsidies fail to prevent evictions among many working-age adults. For this population, the mean annual eviction rate of 14.9 percent—nearly 15 evictions for every 100 units in subsidized building rentals—is statistically the same as for those who rent at market rate.

Austin Harrison, Dan Immergluck and Stephanie Earl of Georgia State's Urban Studies Institute and Jeff Ernsthausen of Propublica examined eviction filings for multifamily rental buildings in the five-county metro Atlanta area. Their research provides the first evidence of the differences between the eviction rates for subsidized and market-rate multifamily buildings in the U.S.

"Subsidized, affordable housing offers lower rents, which should result in lower eviction rates than market-rate housing," Harrison said. "However, we found non-senior renters living in the the most common type of multifamily rental subsidy, LIHTC units, face two major issues."

LIHTC units are rented to low-income families whose income is 60 percent or less of the metropolitan median income, per subsidy program requirements. However, many who qualify for LIHTC units are often precariously employed and may experience significant income volatility.

And unlike other rental assistance programs, LIHTC unit rents are not limited to 30 percent of a tenant's income. Instead, the rents are restricted to 30 percent of up to 60 percent of an area's median income. This median may be greater than the tenant's income, which can increase their rent burden to substantially more than 30 percent of their income.

"These subsidy structures are not designed to effectively address the unstable lives of many low-income tenants," Immergluck said. "Current supply-side subsidy programs, by themselves, may not be sufficient to reduce evictions. It may be that LIHTC and other state and federal programs should focus more on providing greater opportunities to mitigate evictions."

Policymakers and affordable housing practitioners should consider placing additional emphasis on reducing evictions and increasing housing stability, the authors conclude. Strategies would include providing better data on tenants and the communities in which they rent and improving program design to address the volatility of tenant incomes and include strategies to lower effective rents when incomes decline.

More information: Austin Harrison et al. Housing Stability, Evictions, and Subsidized Rental Properties: Evidence From Metro Atlanta, Georgia, *Housing Policy Debate* (2020). DOI: 10.1080/10511482.2020.1798487

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