

CHCI Policy Brief



DEVELOPING THE NEXT GENERATION OF LATINO LEADERS®

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The Housing Choice Voucher (HCV) Program and Upward Mobility: Through a Latino Lens

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Executive Summary

The U.S. Department of Housing and Urban Development's (HUD) Housing Choice Voucher (HCV) program helps low-income families afford safe and decent housing through tenant-based rental assistance. Of the currently estimated 2.2 million voucher holders 18% are Hispanic.¹ Low-income families benefitting from assisted rental housing, such as the HCV program, often have limited skills and education.² In the U.S., over 12 million Hispanics live below the poverty level and only about 40% of Hispanic adults have an educational attainment higher than a high school diploma.³ When compared to other immigrant communities, Hispanic immigrant families fare worse in college completion and median earned income.⁴ Greater access to educational opportunities and workforce training can lead to reduced poverty, higher wages, and higher levels of education attainment.

By making education and workforce development resources a permanent component of the HCV program, this could propel upward mobility for all working age, nondisabled voucher holders. This is possible through extensive collaboration among federal agencies, such as an interagency agreement between HUD, the U.S. Department of Education and the U.S.

Department of Labor. Such agreement would provide an opportunity to make a greater intergenerational socio-economic impact for Latino and all voucher holders.

Overview

Rental assistance, such as the Housing Choice Voucher (HCV) program, helps impoverished families access decent housing. However, the program is missing an enormous opportunity to propel upward mobility for all program participants who are able to work – that is, voucher recipients that are under 62 years old and do not have a disability that prevents them from being employed.

Families enrolled in rental assistance programs usually face multiple barriers to better employment, such as limited skills and education.⁵ Part of HUD's current strategic plan priority goals is to "promote economic opportunity" of assisted households.⁶ By not pairing housing voucher assistance directly with education and workforce development resources/services, the HCV program can limit families from climbing the socioeconomic ladder to eventually become independent of the housing assistance.

Under the current government system of disconnected services and funding for housing, education and workforce

development, voucher holders are at risk of prolonged and/or intergenerational poverty – potentially resulting in permanent dependence on HUD-assisted housing.

HUD's Family Self-Sufficiency (FSS) program focuses on increasing earned income for HCV households.⁷ FSS is administered through Public Housing Authorities (PHAs) which facilitate services, such as education, job training, and employment counseling.⁸ Although FSS promotes increased earned income through education and workforce development, the program has its limitations. For example, approximately less than half (723) of all PHAs offer the program.⁹ PHAs need to compete for limited funds intended for FSS coordinators, and HCV households must go through a selection process to secure one of the limited FSS slots offered.

What is HCV?

The Section 8 HCV program was permanently established as a form of tenant-based rental assistance in 1987 and since has become the major form of federal rental housing assistance in the United States, serving approximately 2.2 million households.¹⁰ Funded by HUD and administered by more than 2,000 local PHAs, the program makes housing accessible and affordable for low and very-low income families.¹¹ PHAs pay a large

portion of rental payments directly to landlords, while easing the voucher holder's contribution – typically 30% or less of their household income. In 2018, 63% of program participants reported an annual income less than \$15,000 and the median length of voucher use for nonelderly and non-disabled recipients is approximately four years.¹²

As of December 2018, 18% of HCV heads of household are Hispanic.¹³ PHAs in eight states (Arizona, California, Colorado, Connecticut, New Mexico, North Carolina, Pennsylvania and Texas) report that 50% or more of their HCV beneficiaries are Latino.¹⁴ Furthermore, Hispanic households tend to use their vouchers for longer periods of time when compared to white non—Hispanic voucher holders and Latinos in project-based assisted housing.¹⁵

HCV and Upward Mobility are Not Mutually Exclusive

If HUD intends to advance economic opportunity of assisted households, there should be a greater commitment to move beneficiaries up the socio-economic ladder and out of HUD-assisted housing.¹⁶

In the United States, the "American dream" is often associated with upward mobility, or the opportunity to transition to a higher social and/or

economic class.¹⁷ Upward mobility is fostered through various factors including education and employment attainment. However, for many Latinos in the U.S., poverty and low levels of education are barriers to advancing the socioeconomic ladder.

In the last year, over 12 million Hispanics lived below the poverty level and only about 40% (ages 25 years and older) have an educational attainment higher than a High School diploma or GED (See Figure 1).¹⁸

As of 2017, 38% of Hispanics in the U.S. were born outside of the country.¹⁹ Particularly for poor Hispanic immigrant families, higher education and higher incomes are harder to achieve. When it comes to college attainment, first and second-generation Hispanic immigrants fare worse compared to Black and Asian immigrants (See Figure 2 on page three). Research also reveals that first-generation Hispanic immigrants have a median income of about \$30,000 – approximately \$10,000 less than black immigrants and almost \$30,000 less than their Asian counterparts.²⁰ We have an opportunity to improve the HCV program by integrating education and workforce development resources for upward mobility and eventual exit of the program.

Recommendations

The following two recommendations are evaluated through effectiveness, equity, and political feasibility.

Pair Vouchers with Resources from the Department of Education and the Department of Labor

HUD should better serve HCV households by pairing voucherers with permanent education and workforce development support, rather than temporary and limited efforts through agency demonstrations such as FSS and Jobs Plus. However, HUD alone should not take on this responsibility. Both the Department of Labor (DOL) and the Department of Education (DOE) are dedicated agencies in these fields that are fully capable of contributing through a permanent interagency agreement. This concept would be modeled similarly after the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program which pairs HUD housing vouchers and case management and services from the Department of Veterans Affairs (VA) for homeless veterans.²¹ The agreement should connect DOE and DOL resources and services with PHAs to provide program funding, capacity and professional expertise to voucher recipients.

This proposal is very cost-effective because it would seek to maximize the use of existing federal funds. Currently, \$17 billion are already spent on workforce development.²² Through stronger collaboration with the DOL we would be more effective at equipping some of the poorest families in our country with workforce development tools for a better chance to climb the socioeconomic ladder. Given the diverse educational needs amongst HCV households, the DOE's current programs ranging from K-12, to adult education, to higher education that can also be beneficial.²³ It is critical that our federal government be more effective in domestic spending while streamlining resources, that foster long-term educational and economic achievement, especially to communities that need it the most.

Through this proposal, we also address

Figure 1. Educational Attainment for the Population 25 Years and Over (Hispanic Or Latino)

	Estimates (male and female)	Total Percentage
Less than 9th grade	6 million	18%
9th to 12th grade, no high school diploma	4.3 million	13%
High school diploma/GED	9.4 million	28%
Some college and above	13.5 million	40%
Total	33.4 million	

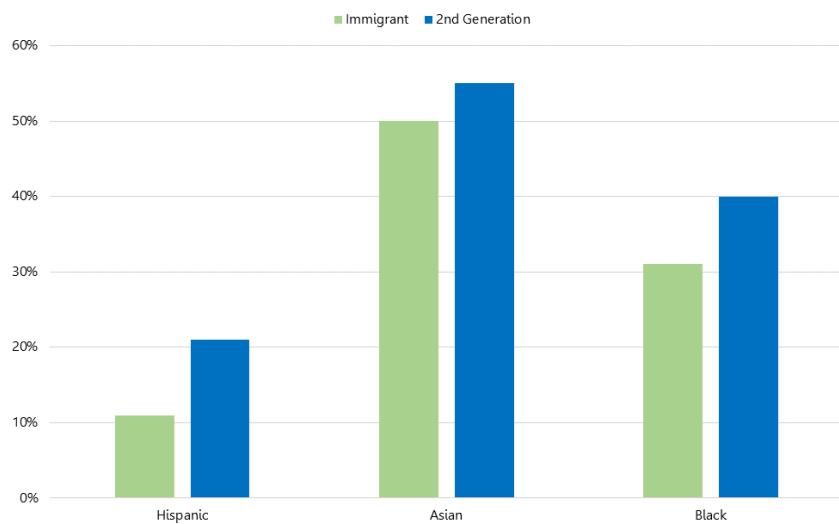
Source: 2017 American Community Survey. Sex by educational attainment for the population 25 years and over (Hispanic or Latino) 1-Year Estimates (B15002); and 2013-2017 American Community Survey. Poverty status in the past 12 months by age (Hispanic or Latino) 5-Year Estimates (B17020).

"There were a lot of things I didn't know about college before meeting Project SOAR".

- Stephanie Sanchez, Kinesiology Major, California State University-Long Beach,
Project SOAR participant at the Housing Authority City of Los Angeles (HACLA)

inequities related to 1) the earning potential of HUD-assisted households, and 2) access to current HUD resources. For example, employed HUD-assisted individuals rarely "earn more than minimum wage" and many of those who are employed have part-time jobs rather than full-time.²⁴ This shows a disparity in earning potential for HUD-assisted families and the need to prepare them through "high quality training" to level out the playing field and aim for higher-wage employment.²⁵ On average, apprenticeship programs have a starting salary of \$15 per hour and are usually a "learn on the job approach," which would benefit voucher holders by having a job that quickly embarks them on a long-term increased earning path.²⁷ In regards to HUD's current resources, the Jobs Plus demonstration provides employment support which has been attributed to higher earned income among participants.²⁸ Jobs Plus completely disregards additional earned income, whereas FSS requires the additional income to be contributed to an escrow account. However, the program is specifically for public housing families and excludes those who receive housing vouchers. On the education front, HUD and the DOE collaborate through Project SOAR which promotes the completion of the Free Application for Federal Student Aid (FAFSA) form.²⁹ The program has been deemed successful, and often has been the primary source of college guidance for very low-income, first-generation, Latino college students.³⁰ Nevertheless, Project SOAR targets youth in public housing. Through the proposed interagency agreement, Project SOAR should be made permanent and inclusive of youth in HCV households. Whether or not a student in HUD-assisted housing will receive FAFSA support, to afford and attend college,

Figure 2. College Completion: 1st and 2nd Generation Immigrants



Source: Pew Research Center. February 7, 2013. "Second-Generation Americans: A Portrait of the Adult Children of Immigrants" as cited in Joo, N. and Reeves, R. (2015). "How upwardly mobile are Hispanic children? Depends how you look at it." Social Mobility Memos. Brookings Institution.

should not be determined by their housing assistance type.

A more educated and self-sufficient society, lower unemployment rates, a strong economy, and meeting the needs of our most vulnerable communities, are a few potential outcomes that make this proposal politically feasible. Policy decision-makers across our country, regardless of party affiliation or level of government, support the mission to foster education, ensure equal access and improve employment opportunities and wages.³¹ It would also fulfill the objectives of all three agencies – without requesting additional funding – while making a big push to alleviate poverty among HCV households.

Enhance HUD Goals and Metrics

Considering HUD's current goal of advancing economic opportunity for HUD-assisted households and "positive exit" metrics, additional factors should be considered.³² A

"successful exit" should mean eliminating the need that brought people into the program in the first place and provide households with the foundation for sustainable economic independence. To meet this goal, performance metrics should be used to keep HUD and PHAs accountable of their contribution to the upward mobility of HCV households. The Section Eight Management Assessment Program (SEMAP) should include an indicator on PHA provided (or facilitated) wraparound programs to HCV household based on their needs including, but not limited to, education and workforce development. Of the current 14 SEMAP indicators, most are administrative related to eligibility, rent payment, and inspections.³³ FSS is the only program enrollment indicator based on the computed mandatory slots, but it does not consider program completion rate or race of participants.³⁴

While it is common to request

additional funding for more vouchers, this proposal would ensure the HCV program effectively equips families with the resources they need for a strong foundation and successful HUD assistance exit, while making vouchers available for more of those in need. In the U.S., only one out of four eligible households receive federal housing assistance, and approximately three million HCV eligible families remain on waiting lists.³⁵ It is clear that the demand is much greater than the supply. Just as the Housing First program is a wraparound HUD assistance entry model, the HCV program should have an equivalent path for program exits.³⁶

This approach would address inequities by including enrollee outcomes and a participant's race in the SEMAP data reporting. It is vital that we know, on a regular basis, who is faring better or worse to make needed adjustments for equitable program exits. Race may be a critical factor in developing equitable opportunities to move up the socio-economic ladder, and currently not reported through programs that promote increased earned income such as Jobs Plus and FFS.

This is a politically feasible proposal because it helps mitigate risk of intergenerational poverty for HCV households. It is to our country's benefit that we equip HCV households with resources and tools for fruitful and long-lasting program exits. At the same time, program exit goals will alleviate the HCV waiting lists while providing access to an affordable and safe home for more people in need.

Conclusion

By increasing collaboration and establishing an interagency agreement with the DOE and DOL to make education and workforce development resources a permanent component of the HCV program – rather than temporary or voluntary – there is an opportunity to actually "deliver services more effectively."³⁷ This is the most feasible proposal to quickly propel upward mobility for HCV households through existing resources

and guided by stronger interagency collaboration. By doing this, we would be igniting upward mobility paths for all working age voucher holders. Since Latinos are the second fastest growing ethnic group in the U.S., we have a greater opportunity to make significant generational changes when it comes to HCV Latino households.³⁸

Endnotes

¹ U.S. Department of Housing and Urban Development. (December 2018). Resident Characteristics Report: National Tenant-Based Voucher Distribution by Head of Household's Race. Note: Hispanic and Latino will be used interchangeably.

² U.S. Department of Housing and Urban Development. Evidence Matters: Housing and Employment, Summer/Fall 2018.

³ 2017 American Community Survey. Sex by educational attainment for the population 25 years and over (Hispanic or Latino) 1-Year Estimates (B15002I); and 2013-2017 American Community Survey. Poverty status in the past 12 months by age (Hispanic or Latino) 5-Year Estimates (B17020I).

⁴ Pew Research Center. February 7, 2013. Second-Generation Americans: A Portrait of the Adult Children of Immigrants; and Brookings Institution. Median Income between immigrant generations.

⁵ U.S. Department of Housing and Urban Development. Evidence Matters: Housing and Employment, Summer/Fall 2018.

⁶ U.S. Department of Housing and Urban Development. 2018-2022 Strategic Plan.

⁷ Any income earned above the HCV eligibility threshold goes towards an escrow account and disbursed to the participant upon completion of the program, usually five years; U.S. Department of Housing and Urban Development. (2016). FSS Fact Sheet.

⁸ Ibid

⁹ U.S. Department of Housing and Urban Development. (November 13, 2018). Updated FSS Performance Measures.

¹⁰ U.S. Department of Housing and Urban Development. Office of Public and Indian Housing: Housing Choice Vouchers 101; and Center on Budget and Policy Priorities. (May 3, 2017). Policy Basics: The Housing Choice Voucher Program.

¹¹ U.S. Department of Housing and Urban Development. Landlord Participation in the HCV Program - HUDUser.gov.

¹² U.S. Department of Housing and Urban Development. (December 2018). Resident Characteristics Report: National Tenant-Based Voucher Distribution of Annual Income as a %; and U.S. Department of Housing and Urban Development. Table 5: Length of Stay in Assisted Housing: Length of Stay of Households in the

Housing Choice Voucher Program by Household Type for Year of Exit - HUDUser.gov.

¹³ U.S. Department of Housing and Urban Development. (December 2018). Resident Characteristics Report: National Tenant-Based Voucher Distribution by Head of Household's Race.

¹⁴ PHAs in Puerto Rico also reported over 50% of Hispanic beneficiaries; U.S. Department of Housing and Urban Development, PD&R. Assisted Hispanic Populations (spreadsheet).

¹⁵ U.S. Department of Housing and Urban Development. Length of Stay in Assisted Housing - HUDUser.gov.

¹⁶ U.S. Department of Housing and Urban Development. 2018-2022 Strategic Plan.

¹⁷ Reeves, R.V. (August 16, 2013). The Economic Case for Social Mobility. Brookings Institution.

¹⁸ 2017 American Community Survey. Sex by educational attainment for the population 25 years and over (Hispanic or Latino) 1-Year Estimates (B15002I); and 2013-2017 American Community Survey. Poverty status in the past 12 months by age (Hispanic or Latino) 5-Year Estimates (B17020I).

¹⁹ 2013-2017 American Community Survey. Place of birth (Hispanic or Latino) in the United States 5-Year Estimates (B06004I).

²⁰ Pew Research Center. February 7, 2013. Second-Generation Americans: A Portrait of the Adult Children of Immigrants; and Brookings Institution. Median Income between immigrant generations.

²¹ U.S. Department of Housing and Urban Development. HUD-VASH Vouchers; and U.S. Department of Housing and Urban Development. (September 2017). HUD-VASH Exit Study Final Report. Approximately 42% of HUD-VASH participants exited the program after leasing their own housing, and in 2016 a 47% reduction of veteran homelessness was attributed to HUD-VASH. Source: Igleheart, A. (November 6, 2018). Federal government announces decline in veteran homelessness, citing success of HUD-VASH program. National Association of Counties.

²² U.S. Department of Labor. FY 19 Department of Labor Budget in Brief; U.S. Department of Labor.

²³ FY 19 Department of Education Budget Summary and Background Information; and U.S. Department of Housing and Urban Development. Evidence Matters: Housing and Employment, Summer/Fall 2018. The \$17 billion in workforce development funds are spread across 14 agencies.

²⁴ U.S. Department of Housing and Urban Development. Evidence Matters: Housing and Employment, Summer/Fall 2018.

²⁵ Hanks, A., & Madland, D. (February 22, 2018). Better Training and Better Jobs: A New Partnership for Sectoral Training. Center for American Progress.

²⁶ U.S. Department of Labor. Apprenticeship Toolkit. Apprenticeships usually range from one to six years long.

²⁷ U.S. Department of Labor. FY 19 Department of Labor Budget in Brief; and U.S Department of Housing and Urban Development. Evidence Matters: Housing and Employment, Summer/Fall 2018. According to a survey of nonelderly and nondisabled tenants at four PHAs, 31% reported having a trade license or certificate, compared to 12% with a college degree and 24% lacking a high school diploma.

²⁸ U.S Department of Housing and Urban Development. Evidence Matters: Housing and Employment, Summer/Fall 2018.

²⁹ U.S Department of Housing and Urban Development. Ross for Education Program: Project SOAR.

³⁰ Form Consent for Release of Information for Project SOAR program services. (September 26, 2017). Questionnaire: Stephanie Sanchez. Housing Authority City of Los Angeles (HACLA); and U.S Department of Housing and Urban Development, PD&R. Demographics of SOAR Project Participating PHAs. Of the nine participating PHAs, two serve a significantly high percentage of Latinos - City of Phoenix Housing Department (34%) and HACLA (28%).

³¹ U.S. Department of Education. Mission statement.

³² U.S Department of Housing and Urban Development. 2018-2022 Strategic Plan.

³³ U.S. Department of Housing and Urban Development. Section Eight Management Assessment Program (SEMAP).

³⁴ Ibid

³⁵ National Low Income Housing Coalition. (March 7, 2016). Millions of Families on Voucher and Public Housing Waiting Lists; and Out of Reach 2018.

³⁶ National Alliance to End Homelessness. (April 2016). Fact Sheet: Housing First. Housing first is a HUD wraparound model for homeless families which provides stability by connecting individuals to a home as the first step in their recovery process.

³⁷ U.S Department of Housing and Urban Development. 2018-2022 Strategic Plan.

³⁸ Flores, A. (September 18, 2017). How the U.S. Hispanic population is changing. Pew Research Center.