



Statement before the House Committee on Oversight and Government Reform
Subcommittee on Health Care and Financial Services

Encouraging Upward Mobility From Subsidized Housing

Howard Husock

Senior Fellow, American Enterprise Institute

May 7, 2025

The American Enterprise Institute (AEI) is a nonpartisan, nonprofit, 501(c)(3) educational organization and does not take institutional positions on any issues. The views expressed in this testimony are those of the author.

Good morning, Chair Grothman , Ranking Member Krishnamoorthi and members of the Committee.

My name is Howard Husock, I'm a Senior Fellow in Domestic Policy at the American Enterprise Institute.

I will suggest changes in the regulations governing tenancies in public and subsidized housing that I believe will help the housing voucher and public housing programs cease to encourage dependency, encourage upward mobility and in the process allow them to serve more of those who currently languish on waiting lists. To do so, I'll suggest a combination of changes to the length of stay in such housing and the way rent is calculated, as well as limiting these benefits to US citizens and legal immigrants.

First, as background, let me turn to a comparison between one aspect of our social safety net—housing subsidies—and another, Temporary Assistance to Needy Families, which provides cash welfare. It is little appreciated but we budget twice as much for Housing Choice vouchers alone, \$30 billion, as for the TANF grants to the 50 states, \$16 billion. Although both are intended to alleviate poverty, the rules governing these two safety net programs are strikingly different.

Beginning with the Personal Responsibility and Work Act of 1996, there has been a five-year time limit as well as a work or education requirement for those receiving public assistance. Welfare rolls have declined by 85 percent, from 13.6 to 1.9 million. Over the past 35 years, moreover, the child poverty rate, accounting for transfer payments such as SNAP, has declined from 18.7 to 8.6 percent. TANF, moreover, is restricted to US citizens or qualified immigrants.

Housing voucher recipients, in contrast, qualify for a lifetime stay in almost all localities. The median stay in public and subsidized housing is 9 years. In New York City, as of 2025, 23 percent of public housing tenants have lived in their unit 40 years or more; it is not uncommon, say housing authority officials, for an adult child to inherit the unit, after having been placed on the lease by their parent. New research we are currently undertaking at AEI indicates that 87 percent of current voucher recipients, not even counting the elderly and disabled, will, based on past data, likely spending more than five years in subsidized housing, including 73 percent who will spend more than 10 years.

Share of All Ongoing Spells Expected to Last Longer Than Given Length

Length in Years	All	Public Housing	Vouchers

1	0.946	0.924	0.971
2	0.909	0.883	0.937
3	0.878	0.840	0.918
5	0.813	0.755	0.875
10	0.654	0.560	0.732
15	0.506	0.404	0.587
20	0.334	0.278	0.404
30	0.126	0.138	0.115

Share of <u>All New</u> Spells Expected to be Longer Than Given Length			
Length in Years	All	Public Housing	Vouchers
1	0.648	0.585	0.758
2	0.526	0.476	0.615

3	0.457	0.398	0.561
5	0.363	0.292	0.488
10	0.210	0.153	0.296
15	0.137	0.087	0.208
20	0.078	0.049	0.130
30	0.022	0.018	0.028

It is worth noting, that, according to HUD's Picture of Public and Subsidized Housing, the largest percentage of non-elderly subsidized tenants are single parents with children; only 3 percent of all tenants are two married adults. What's more, if even one resident of a multi-bedroom apartment is a US citizen or legal immigrant, the remaining tenants are permitted to be undocumented migrants.

It is time to align the rules and values for our housing subsidy programs with the social policy goals of public assistance, that have proven so successful. The language of the PRWA should guide us: "The major goal of the law is to reduce the length of welfare spells by attacking dependency while simultaneously preserving the function of welfare as a safety net for families experiencing temporary financial problems. Based on the view that the permanent guarantee of benefits plays a major role in welfare dependency, Congress is fundamentally altering the nature of the AFDC Program by making cash welfare benefits temporary and provisional."

To bring housing support policy in line with those values, we should begin with a ceiling on length of tenure—a time limit—for new, non-elderly non-disabled tenants. A five-year time limit as with TANF makes sense—and would not affect the majority of new tenants. It would encourage new tenants to plan for a post-subsidy future, as well as to encourage out-and-up turnover to make way for those on waiting lists such as that of more than 22,000 for housing vouchers in the City of Milwaukee. They are among some 6.5 million households who are actively on housing authority waiting lists. A time limit

should be coupled with an important change in rent rules. Currently, voucher and public housing tenants pay 30 percent of household income in rent. That sounds like a good deal but it means that as your income goes up, so does your rent. I don't think any member of this committee would sign such a lease with a private landlord. Instead, the time limit for new tenants should be coupled with a flat, fixed rent. As household income rises in anticipation of exit, the funds saved from avoiding a higher rent could go into escrow accounts, which tenants could invest like a Health Savings Account— and could serve as potential down payments on a home, for instance. An increase in income would require employment, which itself should be required, as it is for TANF recipients. We know there are labor shortages in key aspects of our economy and lower-income households have opportunities that will aid their upward mobility. Another idea to consider: priority for married couples as new tenants, even if their incomes are higher than those of the households in greatest poverty, who tend to be single parents. This change would send a message that single parenthood should not be incentivized in light of its likely deleterious effects on children and long-term economic prospects. Nor should rents in subsidized units increase if a single adult marries.

Finally, at a time when waiting lists are long, the scarce housing assistance safety net benefit should go to US citizens and legal immigrants. This is not to take a stand on long-term immigration policy and how we might deal with the undocumented—but to give priority to those who work hard and play by the rules, as a Democratic president once put it.

Taken together, these suggestions can, I believe, change our housing subsidy policy from a dependency trap to what Lyndon Johnson called his War On Poverty: not a hand out put a hand up.

Thank you very much.