

Graphic Detail

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The Effect of COVID-19 on Income Among Households in HUD's Housing Choice Voucher Program

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Abstract

Measures put in place to prevent the spread of COVID-19 have severely disrupted the U.S. labor market. This article examines the impact of COVID-19 on households in the U.S. Department of Housing and Urban Development's (HUD) Housing Choice Voucher (HCV) program by calculating the number and proportion of HCV households that experienced a decline in income pre- and post-COVID-19.

Background

As of October 2020, nearly 7.2 million cases of COVID-19 had occurred in the United States, with more than 200,000 deaths (CDC COVID Data Tracker, 2020). In the early months of the pandemic, measures put in place to prevent the spread of the virus—including social distancing and travel restrictions—resulted in severe labor market disruptions and job losses (U.S. Bureau of

Labor Statistics, 2020). Research has indicated that lower income Americans, particularly women and non-Whites, were more likely to lose their income in the first month of the pandemic than Americans in higher income brackets (Bertrand et al., 2020). HUD houses 4.6 million of the nation's most vulnerable and disadvantaged households, who are arguably those residents most at risk for the deleterious economic impacts of COVID-19.

HUD has multiple housing subsidy programs, including the Housing Choice Voucher (HCV) program. The HCV program is different from the other HUD programs in that the subsidy is tied to the household, allowing households to enter the private rental market. Eligibility for the HCV program and the amount of subsidy a household receives depend on their income and household composition. After enrollment, HCV households must undergo an annual recertification. HCV households can request an interim recertification mid-year if their household composition or income changes.

Methodology

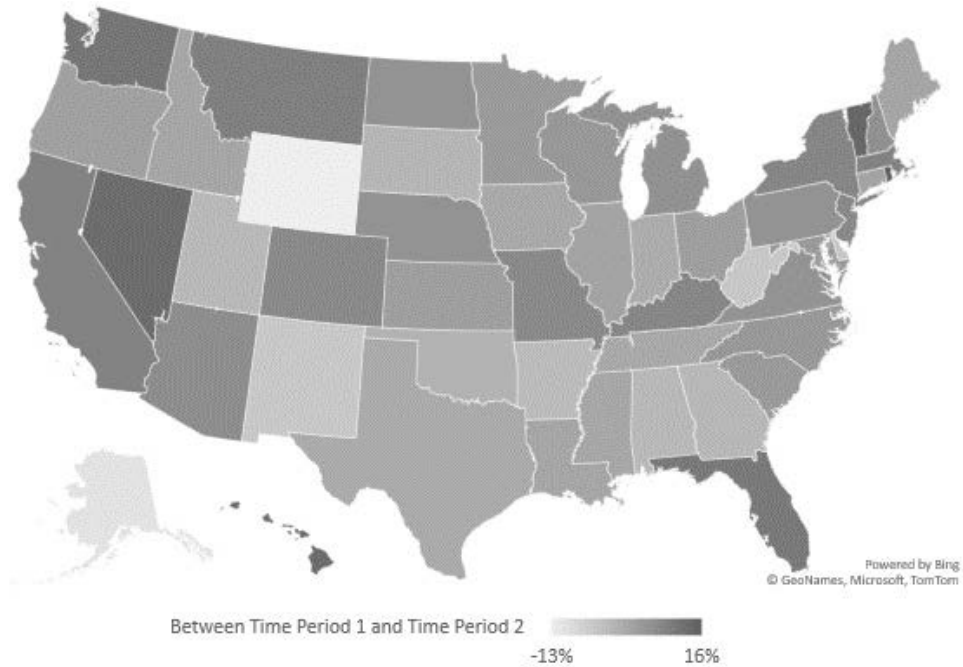
The goal of this analysis is to examine the impact of COVID-19 on income among assisted households in the HCV program. The analysis is restricted to HCV households that had an interim recertification between March 1 and August 4, 2020. Using HUD's Public and Indian Housing (PIH) Information Center (PIC) data, I calculated the number and proportion of HCV households that had a decline in household income before the onset of COVID-19, between January 1 and February 28, 2020 (Time Period 1), and after the onset of COVID-19, between March 1 and June 8, 2020 (Time Period 2) and between June 9 and August 4, 2020 (Time Period 3). Using these three time periods, I was then able to identify HCV households that experienced a decline in income before and amidst the COVID-19 pandemic.

Analysis and Results

Approximately 533,500 HCV households had an interim recertification between March and August 2020 (Time Periods 2 and 3 of the COVID-19 pandemic). Of these households, 31.7 percent had a decline in income from the prior quarter. Exhibit 1 depicts the change in the proportion of recertified HCV households that reported an income decline before and immediately after the onset of COVID-19 (Time Periods 1 and 2). At the beginning of March, as jobs were lost and the economy weakened, 39 states experienced an increase in the proportion of recertified HCV households with an income decline, compared with Time Period 1. Rhode Island had the largest increase in the proportion of recertified households experiencing a decline in income. Nationwide, the proportion of recertified HCV households that experienced an income loss increased 5.5 percent.

Exhibit 1

Change in the Percentage of Housing Choice Voucher (HCV) Households with a Reported Income Decline Between Time Period 1 and Time Period 2, 2020

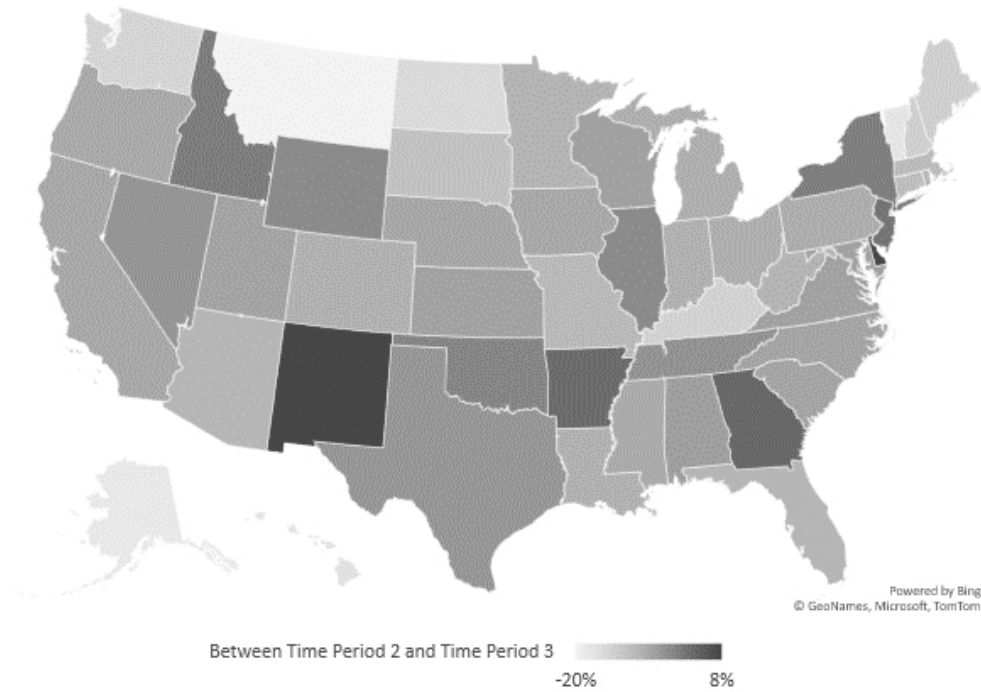


Notes: Time Period 1 = January 1 to February 28, 2020. Time Period 2 = March 1 to June 8, 2020.
Source: PIH PIC data

Exhibit 2 illustrates the change in the proportion of recertified HCV households that reported a decline in income amidst the COVID-19 pandemic (Time Period 2 and Time Period 3). As states and the District of Columbia slowly began to lift their restrictions, the proportion of recertified HCV households reporting lost income declined from its peak, with only Arkansas, Delaware, the District of Columbia, Georgia, New Jersey, and New Mexico reporting a continued increase in the proportion of recertified HCV households with lost income. Nationwide, the percentage of recertified HCV households experiencing a loss of income between Time Period 2 and Time Period 3 decreased 4 percent. Despite this national decrease, however, 14 states had a greater proportion of recertified HCV households in Time Period 3 compared with Time Period 1.

Exhibit 2

Change in the Percentage of Housing Choice Voucher (HCV) Households with a Reported Income Decline Between Time Period 2 and Time Period 3, 2020



Notes: Time Period 2 = March 1 to June 8, 2020. Time Period 3 = June 9 to August 4, 2020.
Source: PIH PIC data

Discussion

As COVID-19 continues, HUD-assisted tenants remain a vulnerable group, disproportionately at-risk to the deleterious economic effects of the virus. Since the onset of COVID-19, the proportion of recertified HCV households reporting an income decline has had a net increase. In both Time Period 2 and Time Period 3, the proportion of recertified HCV households that had an income decline and received unemployment hovered around 7 to 8 percent. Between March and June 2020, on average, the amount of money a recertified HCV household received in unemployment made up for two-thirds of its lost wages. This proportion increased between June and August 2020 as, on average, the amount of money a recertified HCV household received in unemployment made up for 95 percent of its lost wages. Those calculations would raise concerns if unemployment benefits were to be decreased for this vulnerable group during COVID-19.

Data Source

Analyses used December 2019 and March, June, and August 2020 extracts from the Public and Indian Housing (PIH) Information Center (PIC).

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