
Date: February 18, 2025

To: Senator Brian Kavanaugh, Chair
Standing Committee on Housing, Construction, and Community Development
Senator Roxanne J. Persaud, Chair
Standing Committee on Social Services
Senator Cordell Cleare, Chair
Standing Committee on Aging

From: Mari Castaldi, Director of State Housing Policy

Re: State Investments in Rental Assistance

Every New Yorker should have access to housing they can afford in a thriving community. However, high housing costs and stagnant incomes have left too many New York households experiencing high housing cost burdens, housing insecurity, and even homelessness. Further, because federal policymakers have underfunded critical federal housing programs for decades, state investments in housing programs like rental assistance can play a crucial role in increasing housing security. The Housing Access Voucher Program as proposed in [S72](#) is a promising approach that is aligned with evidence-based practices and could increase housing and economic security for thousands of New Yorkers.

In the below testimony, we outline the state of housing hardship in New York, the role of rental assistance in increasing access to affordable housing, the “state of play” of state investments in rental assistance programs across the country, and considerations about the proposed Housing Access Voucher Program.

Too many New Yorkers can’t afford housing

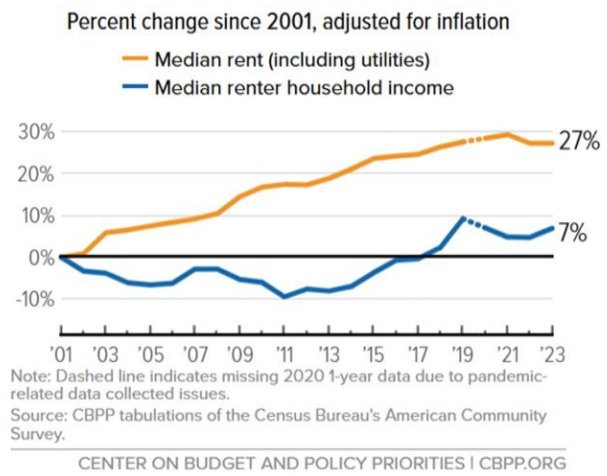
Put simply, many New Yorkers can’t afford housing, especially in households in low-paying jobs or people who have low fixed incomes. Rents have been [steeply increasing](#) across the country, and New York has experienced some of the highest increases. Across the country between 2001 and 2023, median rents increased by 23% faster than overall inflation, while inflation-adjusted median renter incomes only increased by 5%. In New York, that gap is even greater. Here, rent increased

Rental Costs Have Risen Dramatically in New York

The median rent (including utilities) for an apartment in New York was **\$1,560/month** in 2023, a 27 percent increase since 2001.

But wages for many jobs have not caught up.

As a result, **2,021,600** people in **951,600** low-income New York households pay more than half their income for rent, often forgoing necessities, like food or medicine, to keep a roof over their heads. The federal government considers housing unaffordable if it costs more than 30 percent of a household's income.



27% in those 22 years, while median renter incomes only rose 7%. That means rent rose more than three times as fast as renter incomes.

Even though housing has become less affordable for everyone, the most severe housing needs are very heavily concentrated among the lowest-income New Yorkers. Over 2 million low-income New Yorkers pay over half their income in rent, meaning they must make difficult decisions about whether to forgo other necessities like food, medicine, or childcare to stay housed. A small fraction of those households—approximately [158,000](#) New Yorkers at a point-in-time in 2024—were forced into homelessness. This includes over [50,000 children](#), which is about 32% of the state's homeless population—one of the [highest shares](#) in the country. Furthermore, because of legacies of systemic racism in New York through redlining and other forms of racial discrimination in housing, education, and employment, the housing crisis is not felt equally among all New Yorkers. Black and Latinx renters are more likely to live in low-income households paying more than half their income for rent compared to white renters.¹ Further, Black and Latinx people continue to be [overrepresented](#) among those experiencing homelessness. Even with capital subsidies and housing development tax breaks, the market isn't delivering housing affordable to people with the lowest incomes.

At a baseline, we know that when landlords set rents, they generally must set them at least high enough to cover their own operating costs, perform general maintenance, and pay any debt owed. As such, standard market rate rental housing costs, even at their lowest, most often exceed what people with the lowest incomes can afford to pay.

Many states, including New York, have focused their housing policy efforts primarily on increasing the supply of housing, including below-market rate affordable housing, often using state funds to invest in capital development resources that pair with federal resources like the Low-

¹ CBPP analysis of 2017-2021 ACS microdata.

Income Housing Tax Credit to reduce the costs of building housing in ways that can be passed to tenants as lower rents. However, even with these capital-side subsidies, housing developers generally cannot produce housing with low enough rents to be affordable to households with the lowest incomes unless they have access to a voucher or another kind of rental subsidy. For example, based on available data, 77% of extremely low-income households who live in LIHTC-assisted housing *without* an additional rental subsidy are cost burdened, paying over 30 percent of their income in rent. Overall, only about 3 percent of LIHTC units are rented at price that would be affordable to an extremely low-income household that doesn't have rental assistance.²

Rental assistance is highly effective at addressing housing cost burden and reducing homelessness, but is severely underfunded compared to need

Rental assistance is the single most effective intervention that we currently have to help people with low incomes afford housing. [Federal rental assistance](#) brought over \$8 billion in federal funding to New York in 2023 to help over 1 million people in over 584,000 New York households keep a roof over their heads.

Put simply, rental assistance is highly effective at helping people with low-incomes afford adequate, stable housing and have numerous individual-level and widespread societal benefits. Rigorous [research shows](#) that vouchers sharply reduce homelessness, housing instability, and overcrowding. Families who were homeless and receive vouchers to rent housing [change schools less frequently, and are less likely to be placed in foster care](#). When combined with support services, many studies have shown how rental assistance is highly effective at reducing homelessness among [individuals with serious mental illness](#) and people with [substance use disorders](#). Vouchers are also essential to helping people with disabilities and chronic health conditions to live independently in the community rather than in institutional settings. Access to stable housing is also associated with steep decreases in recidivism among people released from prison and jail.

Rental assistance is also an essential complement to other policies to ease the housing affordability and homelessness crises. It helps ensure that new and existing housing supply is more affordable and available to people with the lowest incomes, including by making more of the existing housing market affordable and through “project-based” rental assistance which can help new affordable housing developments “pencil out” at deeper levels of affordability. It helps prevent evictions, given that most evictions are due to nonpayment of rent. Finally, it is a necessary tool to resolve homelessness while reducing shelter and other emergency system costs.

Unfortunately, due to inadequate federal funding, these programs only assist about 1 [in 4 households in need](#), and most applicants for rental assistance face [waiting lists that are very long or closed](#). Housing agencies in New York are currently spending [every dollar of voucher funding](#) they receive from the federal government, but it is simply not enough. Families with vouchers in New York in 2023 had to wait [29 months on average](#) before getting assistance, and many people in need never get help at all.

² Dan Emmanuel and Andrew Aurand, “The Role of Vouchers in the Low-Income Housing Tax Credit Program,” Cityscape, Vol. 26. No. 2, 2024, <https://www.huduser.gov/portal/periodicals/cityscape/vol26num2/article11.html>.

35 states and Washington D.C. fund their own rental assistance programs

Because federal policymakers have severely underfunded rental assistance and other important housing affordability programs at the national level, an increasing number of state-funded housing programs have been established or expanded in recent years. A 2023 survey by the National Low Income Housing Coalition found 281 state-funded housing programs across the country, including around 106 state-funded rental assistance programs. While most states fund some amount of rental assistance, existing programs are typically relatively small, are often time-limited, and usually serve only a fraction of people who need help affording housing. State-funded rental assistance programs are most often (62% of the time) funded by state general revenue, which may be either ongoing or one-time investments. 17% of programs are funded by dedicated revenue sources, like real estate transfer taxes, sales taxes, revenue from state-owned property, or millionaire taxes.³

Seven states, including three of New York's neighbors (Connecticut Massachusetts and New Jersey) use state funding to operate programs more like the federal Housing Choice Voucher program and the proposed Housing Access Voucher Program, meaning a program that provides ongoing, need-based, voucher-like rental assistance for the general population of people with low-incomes. These state programs do not fully address the unmet need for assistance, but they extend the benefits of housing vouchers to thousands of additional households in their state.

The Housing Access Voucher Program would build on the successes of other rental assistance programs and increase housing security among New Yorkers statewide

The Housing Access Voucher Program, if passed through legislation and funded, would extend rental assistance to an estimated [13,760](#) New York households reducing their odds of experiencing homelessness and other housing related hardship., This would make it slightly larger in absolute terms than similar rental assistance programs in nearby states like Connecticut, New Jersey, and Massachusetts, but substantially smaller proportion of the state's unmet housing need.

In synthesizing the existing research and engaging stakeholders around the implementation of current state rental assistance programs, we have identified several promising practices that we recommend states consider when designing rental assistance programs. The Housing Access Voucher Program as described in S72 fulfills many of these recommendations, including:

1. Aiding a household as long as they need it rather than implementing arbitrary time limits. There is no time limit on unaffordable rental costs, and evidence shows that ongoing rental assistance gleans better outcomes for households compared to time-limited subsidies.⁴
2. Allow for statewide use of the voucher, instead of limiting eligibility to local jurisdictions.
3. Pair with well-enforced source of income discrimination protections.
4. Expand eligibility for populations who are excluded from federal housing programs but who still benefit from access to housing assistance.
5. Building intentional connections between rental assistance and other housing policy strategies, including increasing affordable and permanent supportive housing supply, protecting tenants

³ CBPP analysis of state rental assistance programs.

⁴ *Ibid.*

from excessive rents, and providing one-time or emergency supports to prevent imminent loss of housing.

Further, by prioritizing assistance for households exiting homelessness, the HAVP could lead to significant [cost shifting and overall savings](#) by reducing costs associated with evictions, as well as expensive and temporary homelessness interventions (like shelter or long-term motel stays) into more cost-effective long-term housing placements. For example, the annual cost of providing a household at risk of eviction with a HAVP subsidy is estimated to be between \$13,525-\$39,544 compared to the annual cost of providing emergency shelter which would be higher - anywhere from \$33,500-\$67,000. Altogether, HAVP could provide an estimated \$96 million in savings compared emergency shelter costs after a year.

Finally, investing in the HAVP would help New York be more resilient in the face of potential cuts to already inadequate federal housing and homelessness programs, including Housing Choice Vouchers. For example, current Republican House and Senate appropriations proposals, by failing to increase Housing Choice Voucher funding commensurate with rent increases, could prevent as many as [71,700](#) people across New York state from using federal rental assistance in 2025. State policymakers' leadership is more important than ever in ensuring that no more New Yorkers fall into homelessness.