



## **WASTE REPORT for July 27, 2015**

### **Public Housing: Not low-income? No Problem!!!**

The premise of the “social safety net” is to help people in need while they get back on their feet. And, just like a net that catches you when you fall, once you begin to climb again, you leave the net behind.

**So, why is the federal government spending \$104 million a year subsidizing public housing for people who are no longer low-income?** According to a Housing and Urban Development (HUD), Inspector General’s (IG) report, someone only needs to qualify as low-income once—when they first enter the program—and after that they can make as much money as they want without having to leave taxpayer-subsidized housing.<sup>1</sup>

The IG’s report found over 25,000 cases of people receiving benefits. And that is not just a case of occasionally exceeding the threshold, in almost all cases the income threshold had been exceeded for more than one year. Keep in mind that people receiving government financed housing vouchers to rent properties on the open market are cut off when their income exceeds the limit for 180 days.<sup>2</sup>

**Even those in the wealthiest 1 % are in on the deal.**<sup>3</sup> In New York, one family of four was **making nearly \$500k a year and owned property that generated about \$150k a year** in additional rental income. A single tenant in rural Nebraska made double the maximum income threshold and had **\$1.6 million in assets, including \$470k in real estate, yet only paid \$300 a month in rent** to the housing authority.<sup>4</sup> In both cases the tenant had not met the low-income standard in more than 5 years.

Oddly, this is not the result of a scam or a loophole. According to the IG report, **“HUD repeatedly objected to our audit on the grounds that the governing statute and regulations require that public housing authorities not deter overincome [sic] families from residing in public housing.”**<sup>5</sup>

So why even have an income threshold? Well, the IG put it best: **“the public housing program was created to provide affordable housing to eligible low-income families...”** And with almost 600,000 people on waiting lists, quite rightly said, **“HUD did not assist as many low-income families in need of housing as it could have.”**<sup>6</sup>

<sup>1</sup> Kasperowicz, David E. *Overincome Families Residing in Public Housing Units*, Office of the Inspector General at the Department of Housing and Urban Development, Philadelphia. July 2015

<sup>2</sup> Ibid pp. 7

<sup>3</sup> <http://money.cnn.com/2012/11/20/news/economy/top-1-percent/>

<sup>4</sup> Kasperowicz, David E. *Overincome Families Residing in Public Housing Units*, Office of the Inspector General at the Department of Housing and Urban Development, Philadelphia. July 2015 pp. 6-7

<sup>5</sup> Ibid pp. 20

<sup>6</sup> Ibid pp.20