

Federal Spending on Homelessness and Low-Income Housing

Over the past several years, federal spending on homelessness has increased. Exhibit 1 shows that from 2001 to 2008, dedicated federal funding for homelessness increased by 28 percent, from \$1.86 billion to \$2.37 billion (adjusted for inflation). The increase is slightly less than the increase in federal spending over that time period.

Federal spending on housing assistance programs for low-income households—a critical component of ending homelessness—has actually declined since peaking in 2004. As shown in Exhibit 2, housing assistance increased during the early part of the decade. Much of that increase reflected Congressional decisions to add new vouchers and allow them to be used in lower-poverty neighborhoods. As Congress and the Administration changed the funding formula for housing choice vouchers and reduced funding for public housing, federal housing assistance spending started declining, and was two percent less in 2006 than in 2004.

The picture looks worse when comparing housing assistance to overall federal spending. Chart 3 shows that since 1995, the share of federal spending for housing assistance has declined by 10 percent.

Meanwhile, the need for housing assistance has risen sharply. Data from HUD’s Report on Worst Case Housing Needs show that the number of households experiencing worst case housing needs (very low-income renter households that either pay more than 50 percent of their income for housing, or live in severely substandard housing) increased by 23 percent between 1999 and 2005. Most of that increase came since 2003, when worst-case needs rose by 16 percent, the largest increase in recent times.

