NYU SILVER SCHOOL OF SOCIAL WORK

CHAI

Policy Disincentives to Home Sharing: A Focus on Income and Housing

Intergenerational home sharing initiatives have substantially increased across the United States since 2008.[1,2] As experiments to affordable housing and education, intergenerational home share programs aim to match community-dwelling older adults with college students. The benefits are compelling with increased housing and economic security, socialization, reduced financial stress and improved mental health.[3,4,5]

This policy brief explores eligibility criteria to public housing and unintended consequences to home share initiatives. We also underscore who is most likely to be excluded from participating in home sharing with an emphasis on age, race, and income.

Eligibility to Public Housing Benefits

Nationally, more than 15 million older adults (age 65+, 30%) have incomes below 200% of the federal poverty level (Figure 1).[6] As of 2022, 10.2 million individuals receive some form of housing benefit.[7]

Since any money hosts (older adults) receive from home sharing is counted as taxable income, home sharing can result in losing income-based benefits, including public housing benefits.[8] For some older adults, home sharing can increase their income just enough so that they no longer are eligible for certain public benefits. This phenomenon is known as the "cliff effect," when a slight increase in a person's income puts them just beyond the threshold to qualify for a benefit.

Under the official poverty measure, more than 15 million adults age 65+ (30.1%) have incomes below 200% of poverty

Data from Total Number of People Ages 65 and Older in 2017: 51.1 million

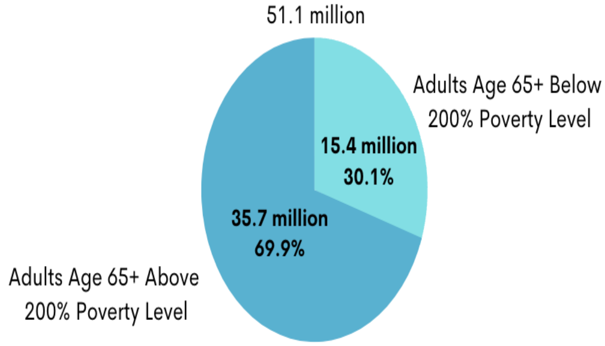

Figure 1

Public Policy's Influence on Home Sharing Participation

Public housing benefits are common in New York City: roughly 1 in 16 residents receive a public housing benefit.[9] Public housing benefits at the city, state, and federal levels base their eligibility criteria on income-specific cut-offs (Table 1). Public housing authorities like the New York City Housing Authority (NYCHA) administer Section 8 benefits and therefore follow federal eligibility guidelines.[9] Because these benefits base criteria on income-specific cut-offs, counting home sharing income as taxable income puts older adults at risk of losing these public benefits if they enroll in home sharing.

Table 1. Types of Public Housing, respective income caps, and demographics

Housing Program	Income Cut-Off	Demographics
Housing Choice Vouchers (HCV)	$74,800	Senior Eligibility, 62 years old
Section 8 Management Assessment Program (SEMAP)* *Public housing benefits at the city and state level such as NYCHA follow Section 8 income-cut off guidelines	For household of 2 persons, $53,400	Not Applicable
Senior Citizen Rent Increase Exemption (SCRIE)	Combined household income $50,000 or less	62 years of age
Disability Rent Increase Exemption (DRIE)	Combined household income $50,000 or less	Disability
CityFHEPS	Gross income at or below 200% of the federal poverty level	Not Applicable

These policy arrangements disincentivize low-income older adults from participating in sharing their home. While this prevents encountering the cliff effect as a result of collecting home sharing income, it also prevents the expected positive benefits of home sharing from being realized, namely reduced social isolation and improved mental health.

An Eye on Equity and Inclusion:
Older Racial and Ethnic Minorities and Women

Nationally and within New York City, the majority of public housing residents are racial and ethnic minorities.[10] Across all public housing, approximately 45% of residents are Black, over 20% of residents are Hispanic, and more than 75% of these households are headed by women.[11]

An unintended consequence to public housing eligibility criteria is that although racial and ethnic minorities and women can benefit socially and psychologically from home sharing, they are excluded from participating because they are also more likely to experience the cliff effect should they collect money from home sharing.

more than

of households utilizing public housing are headed by women; about 65% are Black or Hispanic[11]

In the case of intergenerational home sharing, policy revisions are poised to increase intergenerational relations and mutual aid. Racial, gender, and cultural differences indeed influence who is more likely to live in an intergenerational home.[12] Intergenerational living is more frequent among Black and Hispanic communities.[13] Modifying public policies can leverage access to intergenerational home sharing and expected health and economic benefits.

Suggested Policy Revisions

A major policy goal locally and nationally is to bolster affordable housing – for everyone. The intention and impact of public housing benefits are currently out of sync with this goal.

Categorizing Long-term Home Share Income as Nontaxable Income would allow more individuals to participate in home sharing without encountering the cliff effect and maximizing the housing stock locally and nationally.[14]

By 2035, one-third of the nation's housing stock will be home to people over 65, and half of those will be single-person households.[14] Currently, 54 million spare bedrooms sit empty every night in the U.S., many of those in the homes of single older adults.[14] The increased interest in home share programs in recent years demonstrates the potential role of the shared economy approach in achieving affordable housing. Public housing policy adjustments that make home share income nontaxable would allow for existing underutilized bedrooms to mutually benefit hosts and guests alike.[13] This shift would also place aging adults in a more societally-vital position while addressing housing affordability.

54 MILLION

spare bedrooms sit empty every night in the U.S., many of those in the homes of single older adults[14]

Other instances of receiving nontaxable income for public good are evidenced by employer-provided health care plans, foster care payments, and energy conservation subsidies.[18] The modification of public housing benefit policy to recategorize money collected for long-term home sharing as nontaxable would the increase accessibility of these programs, especially among low-income women and racial and ethnic minorities.

Conclusion

This brief has demonstrated how recategorizing income from home sharing as nontaxable income will contribute to affordable housing. Clearly housing is a social determinant to health and affordable housing should be made available to everyone.[17]

Adjustments to home sharing taxation presents an opportunity for meaningful tax policy change at the federal level. Changes to tax policy and revenue codes follow the formal tax legislation processes outlined by the U.S. Constitution, which is initiated in Congress by the House of Representatives.[21] Actionable change begins with advocacy and raising the awareness of policymakers to these issues.

The cliff effect manifests beyond housing policy: public benefit cliffs can also put healthcare and food resources at risk.[16] Addressing these policy-level issues would help tackle the nation's housing and affordability crises.[15]

Ultimately, increased participation will result in expanded housing options for older and younger generations, increased economic security, and strengthening intergenerational cohesion.

Citation: Merz, A., Kruchten, R., & Gonzales, E. (December, 2022). Who's Excluded? Public Housing Policy Barriers as a Block to Home Share Affordability Initiatives. The Center for Health and Aging Innovation Issue Brief. http://hdl.handle.net/2451/64018

Funding: This brief was supported by The Eisner Foundation, The James Weldon Johnson Professorship at NYU, and anonymous donations.

1. Magid, K. H., Galenbeck, E., Hazelwood, J., Shanbhag, P., Joucovsky, A. L., Levy, C. R., & Lum, H. D. (2022). Sharing Space to Age in Community: A Mixed-Methods Study of Homeshare Organizations. Journal of Aging & Social Policy.
2. Mo, R. (2022). Network Effects in a Two-Sided Platform: The Rise of Home-Sharing Companies. *Advances in Computer, Signals and Systems, 6*(4), 70-77.
3. Gonzales, E., Whetung, C., Kruchten, R., & Butts, D. (2020). Theoretical Orientations to Intergenerational Home Sharing: Implications for Direct Social Work Practice on Addressing Student Debt and Aging-in-Community. Clinical Social Work Journal, 48(2), 179-188.
4. Martinez, L. et al. (2020). More than just a room: A scoping review of the impact of homesharing for older adults. Innovation in Aging, 4(2),
5. Gonzales, E., Whetung, C., Kruchten, R. et al. Theoretical Orientations to Intergenerational Home Sharing: Implications for Direct Social Work Practice on Addressing Student Debt and Aging-in-Community. Clin Soc Work J 48, 179–188 (2020).
6. Cubanski, J., Koma W., Damico, A., & Newman, T., (November 2018). How Many Seniors Live in Poverty? Henry J. Kaiser Family Foundation.
7. Center on Budget and Policy Priorities. (2022). United States Federal Rental Assistance Fact Sheet.
8. Hofmann, M. A. (2019). Tax Treatment of Home-Sharing Activities. The CPA Journal, 89(10), 30-35.
9. New York City Housing Authority. (2022). NYCHA 2022 Fact Sheet.
10. U.S. Department of Housing and Urban Development. (2022). Resident Characteristics Report.
11. National Low Income Housing Coalition. (2022). Who Lives In Federally Assisted Housing? Housing Spotlight, 2 (2).
12. Bruemmer, R. (2018, Aug 22). Living in a multi-generational home is often a question of culture. Montreal Gazette.
13. Chatters LM, Taylor HO, Taylor RJ. Older Black Americans During COVID-19: Race and Age Double Jeopardy. Health Education & Behavior. 2020;47(6):855-860.
14. Macrus, N. (2018, Sep 13). We Cannot Build Ourselves out of the Housing Crisis. NewCities.
15. Permanent Affordability Commitment Together (PACT). (n.d.). New York City's Rental Assistance Demonstration. New York City Housing Authority.
16. Gonzales, E., Levy, N., Whetung, C., & Kruchten, R., March, 2021. Intergenerational Home Sharing and Public Benefits: Barriers and Potential Solutions. The Center on Health and Aging Innovation at NYU. Brief Number 2020002.
17. Hagopian, A., Farrow, C., & Locke. N. (2021). Homeshare Study Policy Recommendations for the Washington State Senate Housing and Local Government Committee. University of Washington, School of Public Health, Department of Health Services.
18. Ingrid Gould Ellen (2015) Housing Low-Income Households: Lessons From the Sharing Economy? Housing Policy Debate, 25:4, 783-784.
19. Mulvey, J.; Baumrucker, E.P.; Fernandez, B., & Scott, C. (2013, Feb 5). Definition of Income for Certain Medicaid Provisions and Premium Credits in ACA. Congressional Research Service.
20. Department of Health and Human Services. (1994). 511 Income-In-Kind (AAM).
21. Internal Revenue Service. (n.d.). Formal Tax Legislation Process. United States Department of the Treasury.
22. Gonzales, E., & Jarrott, S. (2022). Applying an Anti-Racist and Anti-Ageist Lens to Intergenerational Volunteer Opportunities: Centering the Social Construction of Race and Age to Promote Equity. The Center for Health and Aging Innovation, Report 20224, http://hdl.handle.net/2451/64015.