

Housing vouchers that provide long-term rental subsidies to low-income tenants have been shown to reduce homelessness, improve housing stability, and—in some instances—improve intergenerational economic mobility.

KEY TAKEAWAYS

1 Vouchers improve recipient's housing outcomes.

In the Effects of Housing Vouchers on Welfare Families study, families who received vouchers were less likely to experience homelessness than those who did not.^{8, 14} The Family Options Study found reductions in both shelter stays and the likelihood of living doubled up.^{5, 6} In the McKinney Homeless Research Demonstration Project, which randomly assigned housing vouchers to people experiencing homelessness and mental health and/or substance use disorders, access to vouchers increased stability in independent housing by 29 percentage points (93 percent).⁷

2 Targeted programs that combine vouchers with supportive services can reduce homelessness among specific populations with acute needs.

Housing Opportunities for Persons With AIDS (HOPWA) and HUD-Veterans Affairs Supportive Housing (HUD-VASH) are federal programs that combine long-term housing subsidies with supportive services for low-income people with HIV and homeless veterans experiencing certain health challenges, respectively. Evaluations of both HOPWA and HUD-VASH have demonstrated each program's effectiveness in improving housing outcomes.^{10, 13}

3 Long term, vouchers can improve intergenerational economic mobility by enabling recipients to move to neighborhoods with greater opportunities.

By subsidizing market-rate rents, vouchers increase recipients' access not only to housing, but also to a neighborhood of their choice. The Moving to Opportunity (MTO) study found that children of parents who used a housing voucher to move to a neighborhood with a lower poverty rate when they were young had higher earnings as adults than those from families who remained in neighborhoods with higher poverty rates.² While one study found that financial assistance was ineffective to induce moves, even when coupled with an offer of free mobility counseling,¹¹ the Creating Moves to Opportunity (CMTO) study more recently found that flexible housing search assistance significantly increased the share of families using vouchers moving to neighborhoods with more economic and educational opportunities.¹

COST EFFECTIVENESS

While impactful, housing vouchers can be expensive. Researchers found that for each additional day housed, HUD-VASH vouchers—which include supportive services—cost US\$45 more than standard care, which consisted of short-term case management from an outreach worker.¹⁰ Analysis of the Family Options Study at about three years post-randomization estimated that vouchers cost 9 percent more than usual care but these costs were partially offset by savings from reduced use of transitional housing and emergency shelters. However, researchers projected that the difference in cost between the standard care and vouchers groups would grow over time.⁶

BARRIERS TO USE

Despite the positive impacts of vouchers and the flexibility they offer tenants, voucher holders face barriers when trying to find a unit. For example, competitive rental markets, high prices, and finding a landlord who is willing to partake in paperwork and inspections required by most voucher programs, pose substantial challenges to using vouchers.^{1, 3} While several states and cities outlaw discrimination based on income or payment type (i.e., source-of-income protection laws), effectiveness varies⁴ and there is no federal requirement for landlords to accept vouchers. Research has shown that landlords deny, ignore, or respond less positively to applications from voucher holders at higher rates than those offering to pay without vouchers.^{4, 9} Research has demonstrated that some of these barriers can be overcome,¹ but more evidence is needed on the best ways to engage landlords and help voucher holders secure leases in challenging rental markets.

INTERVENTION DETAILS

In the 1970s and '80s, the focus of affordable housing policy in the United States shifted from providing public housing to increasing access to the private rental market. Housing vouchers became a common strategy for helping low-income individuals and families afford units in the private rental market by subsidizing market-rate rents. While some vouchers are project-based (tied to a particular unit), most are tenant-based and offer flexibility to voucher holders. There are various federal and local voucher programs in the United States.

PROGRAM EXAMPLE

Housing Choice Vouchers

The largest public rental subsidy in the United States is the Housing Choice Voucher (HCV) program, also known as Section 8, which currently benefits more than five million people. The program provides eligible low-income households with rental assistance to use in private-market housing units.*

Run by local public housing authorities, HCVs subsidize market-rate rents up to a given threshold and generally require that tenants pay 30-40 percent of their income on rent. Payments go directly to landlords.¹² There are fewer HCVs available than eligible households, so vouchers are typically allocated through lotteries and/or waitlists.

**The HCV program also allows for project-based vouchers, but most are tenant-based.*

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CITATIONS

Papers included in this brief are limited to quasi-experimental and randomized evaluations of housing vouchers in the United States.

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