Housing Vouchers Are Critical for Ending Family Homelessness

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Housing vouchers are successful in helping families exit homelessness and can protect poor families from becoming homeless. The idea that adequate amounts of affordable rental housing would prevent and end family homelessness is intuitive. It is also firmly grounded in the research literature on the causes of homelessness and on the efficacy of programs that seek to end homelessness for individual families. This paper summarizes those research findings and draws out their implications for housing policymakers on all levels of government—in the first instance, for the federal government, which carries the responsibility for adequately funding the Housing Choice Voucher Program and for setting the parameters for the use of those housing subsidies.

For Entire Communities, Shortages of Affordable Housing Lead to Increases in Homelessness

When homelessness became a visible phenomenon in the 1980s, the high rates of mental illness and substance abuse among people who slept on the streets or came into emergency shelters led analysts to focus on the “deinstitutionalization” of people with mental illness and on new forms of addiction as the primary causes of homelessness for individuals and to de-emphasize the role of housing markets. By the last years of the 20th century, homeless families with children had become almost as visible as adults who became homeless by themselves. Based on the most thorough survey to date of homeless people, in a typical week in the late 1990s, 98,000 children were in families using the services system that had been developed to deal with homelessness. At the same time, economists had begun to use data to demonstrate that homelessness was, in fact, linked to shortages of affordable housing.

Researchers at the University of California, Berkeley, analyzed how varying levels of homelessness are linked to housing market phenomena, first in California and then in the United States as a whole. They took the most recent counts of homeless people in different U.S. cities and metropolitan areas and in California counties and demonstrated that the rate of homelessness is greater in places that have low vacancy rates and high rents. They found that a high incidence of housing cost burdens—high ratios of rental payments to household incomes—also is associated with a relatively high incidence of homelessness in a particular geographic area. They concluded that: “a simple economic model of the tough choices faced by households and individuals at the extreme lower tail of the income distribution goes a long way towards explaining the problem. Most importantly, our findings suggest that homelessness may be combated by modest supply policies combined with housing assistance directed to those for whom housing costs consume a large share of their low incomes.”

Other research demonstrated the link between housing prices and the rate of homelessness among the poverty population and also showed that the rate of homelessness was lower in geographic areas in which a larger fraction of subsidized rental housing was targeted to very poor households.

The problem of housing affordability for the poorest households is documented periodically by the U.S. Department of Housing and Urban Development’s (HUD’s) Office of Policy Development and Research. HUD’s most recent “worst case needs” report, based on American Housing Survey data collected by the Census Bureau in 2005, shows that 2.3 million families with children are renters without housing assistance, with incomes below 50 percent of the area median, and paying more than half their income for rent or (less fre-
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**Housing Vouchers Can Overcome the Shortages of Affordable Housing That Lead to Homelessness**

Housing vouchers—rental housing assistance that subsidizes the difference between 30 percent of a family or individual’s income and the amount needed to rent in the private market—are an effective way of overcoming shortages of affordable housing. This approach to providing affordable housing does not depend on the existence of private market units with extremely low rents, so it is workable despite declines in the numbers of low-rent units. A voucher provides a subsidy that makes it possible for a household to afford a housing unit with a rent in about the middle of the local housing market. The family’s income is assessed each year, and the subsidy is recalculated as needed. As rent levels in the local housing market change, the middle point in the rental market is also recalculated.

The current federal program based on this model is called the Housing Choice Voucher Program. It is by far the largest federal housing program that helps poor households, assisting about 2 million households at any one time. Particularly for families, housing vouchers have become the preferred form of housing assistance because of their flexibility. Additional vouchers can come on line relatively quickly, compared with building or rehabilitating additional housing units. Vouchers do not have fixed unit sizes and can be matched to the size of the family chosen for assistance. Because they have no fixed location, they are less vulnerable to the risk of creating concentrations of the poor than property-based approaches to providing affordable housing for families with extremely low incomes. Vouchers also are the least expensive way of assisting equally poor households, most of the time and for most types of households.

However, vouchers are not available to all families that need the assistance. Together with the other two programs that provide housing at 30 percent of any household’s income, however low, they provide only about 4.5 million subsidy slots, leaving another 6 million renter households with severe housing needs that put them at risk of homelessness.

**For Individual Families, Proximate Causes of Homelessness Are Insufficient Income to Pay Rent and Lack of Experience as a Leaseholder**

Families who become homeless are extremely poor, with incomes at around half the federal definition of poverty and too low to be able to rent their own housing without a subsidy. When asked about the immediate cause of their homelessness, the most common answer given by families interviewed for the National Survey of Homeless Assistance Providers and Clients (NSHAPC) was “couldn’t pay the rent.” Factors that put families with children at risk of becoming homeless include having newborns or very young children, living in crowded housing conditions, and moving frequently. Parents who become homeless with their children often have never been leaseholders or had “a place of their own,” but instead have lived with relatives or friends since becoming adults. Summarizing the literature on causes of homelessness for families with children, Debra Rog and John Bruckner conclude: “Family homelessness is perhaps most aptly described as a pattern of residential instability. Homeless episodes are typically part of a longer period of residential instability marked by frequent moves, short stays in one’s own housing, and doubling up with relatives and friends.”

In most respects, families who become homeless are similar to other families with poverty-level incomes and experience the same types of problems associated with living with insufficient resources. Like other poor family heads, parents who become homeless have minimal work histories, lack employment skills, and have low levels of educational attainment. They often suffer from depression, but do not have higher rates of mental illness than other poor families. They are no more likely to experience conflict, trauma, and violence. They are somewhat more likely to have problems with substance abuse. Parents who become homeless with their children, typically by going to emergency shelters rather than attempting to live on “the street” (abandoned buildings or other places not fit for human habitation), are somewhat less likely to identify themselves as white and not Hispanic and more likely to be members of the minority group most prevalent in their local area.

**The Same Families at Risk of Becoming Homeless Can Avoid Homelessness by Using Housing Vouchers**

Just as families at risk of becoming homeless are very similar to other poor families, they are very similar to families who use housing vouchers successfully. The latest research on “success rates” for households attempting to use vouchers confirms that those with the lowest incomes are just as likely to find a willing landlord and move into rental housing subsidized by the voucher as households with relatively higher incomes. Unemployed households are just as likely to succeed as those with jobs. Despite the persistence of discrimination against minorities in U.S. housing markets, members of minority groups succeed in using vouchers to the
same extent as other households. Earlier research on voucher success rates showed that minorities find it particularly easy to use vouchers in cities with substantial populations of the same minority group, so minority families at risk of homelessness should not have problems using vouchers when they are available.

A recently completed study of the use of housing vouchers by families eligible for welfare (the Voucher Family Study) shows that many of those applying for vouchers have the same inexperience as leaseholders that is common among families that become homeless. At the start of the study, families often were living, together with their children, in someone else’s household. About 25 percent did not have their own apartment or house but instead were living with relatives or friends. Another 2 percent were homeless. Each family who applied for a voucher and was found to be eligible for the program was placed, at random, into a “treatment group,” which was offered a voucher, or a “control group,” which was not offered a voucher. Both groups were followed by the study over the next five years. When interviewed four to five years after random assignment, 45 percent of families in the control group reported that, at some point during the year before they were interviewed, they had been living with friends or relatives or otherwise without a “place of their own.”

The Voucher Family Study confirmed what the literature on homelessness had already demonstrated—that receipt of housing assistance prevents homelessness for individual families. For example, a study conducted in New York City found that a strong predictor of whether a welfare family with no prior experience of homelessness would not go to a homeless shelter was whether the family had its “own apartment with a rent subsidy.” An analysis of a Fragile Families database of mothers who had recently given birth and had incomes at less than half of the poverty line found that “homelessness is related to having no housing assistance or having lost that assistance.”

The findings of the Voucher Family Study are even more powerful than those of earlier studies because of the random assignment of families to a control group, so that reductions in homelessness cannot have been caused by differences in the characteristics of families who get vouchers compared with those who do not. The Voucher Family Study found that voucher assistance resulted in a 74 percent reduction in the incidence of homelessness. Five years into the study period, 12.5 percent of families in the control group told interviewers that they had been on the streets or in a shelter at some point during the previous year, compared with 3.3 percent of those who used the housing voucher provided at the time of random assignment.

The Voucher Family Study team conducted unstructured, in-home interviews with 141 families who used vouchers to augment the “quantitative” findings based on identically worded questions asked of the larger sample of treatment and control group families. “The in-depth interviews with voucher users suggest that the fear of homelessness is pervasive among families on TANF [Temporary Assistance for Needy Families] or with incomes low enough to be eligible for TANF. Many of the women interviewed said that receiving a voucher substantially reduced their anxiety about keeping a roof over their children’s heads. They expressed a strong sense of relief at not having to worry about how to pay the rent or whether their family would end up homeless or living with friends or relatives.”

Vouchers give young mothers the opportunity to be on their own and to establish their responsibility as renters. Four to five years into the study period, almost a quarter of the families in the control group of the Voucher Family Study (22 percent) were living in multigenerational or extended-family households, while almost all of the families who used vouchers were in their own housing units.

Using a voucher also alleviates other conditions found to put families at risk of homelessness: crowded housing conditions and frequent moves. The Voucher Family Study found that, after four to five years, 46 percent of families without vouchers were living in housing with less than one room per person, while only half as many voucher users were similarly crowded. While voucher users often used the voucher to move into a housing unit located outside their original census tract, they then moved less frequently than members of the control group over the study period.

**For Families Who Become Homeless, Vouchers Are an Effective Way of Leaving Homelessness**

The control group for the study of voucher use by welfare families (12.5 percent of whom were homeless at some point during the year before they were interviewed) is emblematic of the millions of families who cannot obtain affordable housing, hundreds of thousands of whom become homeless. HUD’s first Annual Homeless Assessment Report to Congress estimated that close to 250,000 persons in households with children were using shelters or transitional housing at some point during just three months in early 2005.

A constant theme in evaluations of programs that help people leave homelessness is that homeless families, including families with severe challenges, can become stably housed by using housing vouchers. Many of the families studied in this research moved directly from homelessness to permanent housing supported by a voucher or another form of housing assistance.
Those who leave homelessness with a rental subsidy are much less likely to become homeless again than those who have no subsidy.

The Homeless Families Program, implemented at nine sites and targeted to families who were both homeless and high risk (e.g., mother less than 21 years of age, history of homelessness, no experience renting or owning, chronic physical or mental illnesses, one or more children living apart), demonstrated that, despite uneven implementation of the case management that was part of the program, these high-needs families used housing vouchers successfully. “Despite years of instability, …at 18 months after entering the program, more than 85 percent of the families were still stably housed in the six sites that provided data.”

Another demonstration, the Family Reunification Program, provided housing vouchers to homeless families and others for whom lack of adequate housing was a primary factor in out-of-home placement of children. In addition to the voucher, families received such services as housing search assistance, adult and family counseling, and mental health services. Eighty-eight percent of the families who were literally homeless (on the street or in shelters) when they received a voucher remained stably housed after a year.

Those who leave homelessness with a rental subsidy are much less likely to become homeless again than those who have no subsidy. For example, the rate of readmission to shelters for those who left shelters in New York City was much lower for those who obtained subsidized housing than for those who did not. Only 7.6 percent of those who went to subsidized housing came back to shelters within two years, compared with 13 percent of those who went back to their prior residence and 37 percent who went elsewhere.

Another study conducted in New York City showed that, when interviewed at least three years after shelter admission, families were 20.6 times more likely to be stably housed (in their own apartment for at least a year) if they had received housing vouchers or other subsidized housing during the intervening period than if they had not. “Subsidized housing was virtually the only predictor of residential stability after shelter….Substance abuse, like domestic violence, may disrupt families’ lives. We make no claim that housing solved any of these problems among poor families, but the problems contributed little to residential instability.”

The researchers tested whether the dramatic effect of housing assistance reflected the assignment of subsidized housing to families with less severe challenges and concluded that “the strong relationship between receipt of subsidized housing and stability was essentially unconfounded with individual characteristics.”

Most families with children do not need permanent supportive housing—that is, housing that offers intensive services on a long-term basis of indefinite duration. However, even those families that do need long-term support to enable them to care for their children and maintain stable housing can use vouchers effectively. Many permanent supportive housing programs for both families and individuals place people who need intensive services in scattered-site housing subsidized by tenant-based vouchers or by the McKinney-Vento Shelter Plus Care Program, which has essentially the same subsidy structure as a voucher.

The use of vouchers for permanent supportive housing has been studied for individuals with disabilities. The findings are relevant to families as well. For example, a majority of homeless individuals selected for a demonstration program because they had severe and persistent mental illness were able to use housing vouchers successfully and to achieve stable independent living. As part of the demonstration, participants received help getting through the voucher application process and finding a suitable housing unit.

In addition to placing families directly into permanent housing, vouchers have also been used for programs that provide an explicit transitional period during which services are intense and families are expected to make progress toward addressing their problems and attaining independence. For example, the Sound Families Program in three counties in Washington State makes extensive use of vouchers, often with a “transition in place” option that permits families to stay in the same housing after graduating from the program. Among families completing the program and interviewed after one year, nearly all had maintained permanent housing.

A recent survey of transitional housing programs for homeless families in five geographic areas with large numbers of slots in such programs found that 23 percent follow a transition-in-place model. For programs that require a move, many families use housing vouchers as the next step after transitional housing, and the number doing so appears to be limited more by the availability of vouchers than by the feasibility of using a voucher when one is available.

Whether a transitional period is needed to help families who face considerable challenges achieve stability in mainstream subsidized housing is open to question. Many families with mental health problems and histories of substance abuse who are placed in facility-based settings intended to provide a stabilization period leave to use a tenant-based housing voucher as soon as one becomes available, preferring the greater independence and, possibly, safer neighborhoods made possible by voucher assistance.

A case sometimes made for transitional housing is that it can help families with less severe challenges become sufficiently self-supporting so that they will be able to rent housing on their own without a long-term rental subsidy. This hypothesis has not been tested. Furthermore, families with children
typically use a housing voucher only for a few years,35 so a period in a heavily-funded program for homeless families followed by self-paid housing may not be more cost-effective than immediate use of a voucher by a homeless family. Researchers who study the patterns and costs of the use of homeless services have concluded that: “The current system of providing temporary shelter [emergency shelters and transitional housing] in lieu of rental assistance would appear to be relatively inefficient, since it is a less direct method of addressing the affordability gap and since, compared with independent housing, it carries such significant administrative and facility costs in addition to the social costs of disruptive shelter stays on families and children.”36

Policy Implications Are Clear: Fund More Vouchers

At one point the voucher program grew by 100,000 units per year. Appropriators of funds for the Housing Choice Voucher Program should return immediately to the earlier policy of steady and meaningful incremental growth of the voucher program. The system for allocating voucher funds to Public Housing Agencies (PHAs) should permit PHAs to fund all of the vouchers authorized and should reward them for using the full amount of voucher funding allocated rather than creating funding rules that, as in recent years, have created downward pressures on the size of local voucher programs.37

A growing program and adequate funding for the slots authorized will reverse the situation in recent years, in which vouchers stopped being available in many communities for outplacement of families from shelters and transitional housing programs and lengths of stay within the residential system for homeless families increased.38

Vouchers should be targeted to extremely low income families and individuals. More than three-quarters of the households with “worst case needs” (77 percent) have extremely low incomes below 30 percent of the area median, which varies from place to place but on average is about the poverty line.39 In the current voucher program, each PHA must provide at least 75 percent of vouchers for newly assisted households to extremely low income households, and many PHAs exceed that level. However, there are countervailing pressures to make the voucher program more “flexible” in ways that could put families with incomes below the poverty level at a disadvantage. Congress should think very carefully before expanding the number of PHAs given broad authority to change the rules of the voucher program. If enacted, such demonstration authority should include preventing homelessness among its objectives and ensure that it is so used and evaluated.

More explicit targeting of vouchers to the families most at risk of becoming homeless is attractive in concept, but difficult to achieve without perverse consequences. Although risk factors for homelessness are understood, it is not possible to determine which among the many poverty-level families with those characteristics will become homeless. A priority for receiving vouchers for families that have already become homeless can encourage families to enter shelters, because that becomes an effective way of queuing up for the limited, available voucher slots.40

Congress could also consider an open enrollment or entitlement voucher program for the very poor most likely to become homeless—for example, those with incomes below 15 percent of area median income. This would avoid the perverse incentives that would be associated with targeting a program based on a waiting list to those who have become homeless.

Some families who become homeless may have a difficult time using vouchers because they have been evicted from rental housing units or expelled by PHAs from the voucher or public housing programs. A particularly difficult-to-serve group consists of those with criminal records, who are screened out of housing assistance programs under normal rules. Some parents who become homeless may not be chronic substance abusers but nonetheless have arrests related to drugs or to domestic violence. A policy based on using housing vouchers to prevent and end homelessness should include experimenting with, and evaluating, voucher-based transition-in-place programs for homeless families that cannot become leaseholders in the private market immediately.

At the Same Time, Experiment with Shallow or Time-Limited Subsidies

An alternative to housing vouchers for preventing or ending homelessness is to provide “shallow” subsidies (i.e., subsidies that cover a smaller portion of the rent) or subsidies that, unlike vouchers, last for a limited period of time. Some communities are already experimenting with temporary assistance for families deemed to be at imminent risk of going to shelters because the leaseholder with whom they currently are “couch-surfing” or the landlord of the unit in which they have been unable to pay the rent has served notice that they cannot stay. A shallow subsidy has been shown to be effective for maintaining housing stability for people with HIV or AIDS.41 The effectiveness of such programs for families experiencing a housing crisis has not yet been evaluated.42

A voucher program growing by 100,000 units a year still will not provide enough affordable housing to prevent all of the families that are experiencing housing crises from going to a shelter or sleeping in a place not fit for human habitation. Some of those housing crises may be prevented

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from turning into homelessness by using rent subsidies that cost less to fund than the $6,000 per year average subsidy for a two-bedroom voucher. The time has come for formal demonstrations and evaluations of the effectiveness of such programs in preventing homelessness. Without a reasonable prospect of a voucher program three times its current size, it is essential to know which families can use short-term rental assistance while they gain sufficient employment income to take over the full rent payments and which families will need the deeper and more permanent rent subsidy provided by a voucher. For example, a parent may need a longer-term housing subsidy because she has a disability that limits her ability to work. The cash income she receives from Supplemental Security Income (SSI) or from a low wage, part-time job will not enable her to rent even the most modest of housing units.

**Conclusion: Housing Vouchers Are Critical for Ending Family Homelessness**

An extensive body of careful research has demonstrated that housing vouchers are critically important both for preventing families with children from becoming homeless and for helping those who do enter the shelter system to leave it for permanent housing and not become homeless again. Housing vouchers are an effective way of addressing the shortage of affordable housing that is the fundamental cause of the family homelessness that appeared in the mid- to late 1980s and has persisted since then. For particular families, having a voucher serves as protection against the pattern of housing instability that can lead to homelessness; having a voucher virtually eliminates the risk that the family will enter a shelter or sleep in a place not fit for human habitation.

For families who do become homeless, housing vouchers are an extensively tested and demonstrably effective tool for moving to permanent housing and remaining stably housed. Most families who become homeless are very similar to poor families that do not become homeless. As is the case for other poor families, they face such challenges as depression, poor physical health, and spotty educational and employment histories. However, also as is the case for other poor families, families that become homeless can use vouchers to move into independent housing units in the private rental market.

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Endnotes

6. HUD’s “worst case needs” reports also document the growing shortfall between the number of rental units that could be afforded at 30 percent of an “extremely low income” and the number of renter households with incomes at or below that level.
9. There were 6 million worst case needs households in total (2.3 million of whom are families). Almost three times that many unassisted renter households are nominally eligible for housing assistance because the income limits for public housing, Housing Choice vouchers, and Section 8 projects are quite high. But many technically eligible households would receive a zero or negligible subsidy from a voucher program and would not choose to live in a public housing or Section 8 project. The worst case needs number, 6 million, is a better estimate of the number that are at risk of becoming homeless and would make use of a housing assistance program if slots were available. Even among the 6 million renters with incomes below 50 percent of area median and severe housing needs, some households have extremely high rent burdens because of temporary circumstances. HUD’s latest report suggests that about a quarter of worst case needs households have income increases that take them out of the “worst case” category the next year.
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21. When researchers analyze “nonexperimental” data, they try to avoid this possibility by using statistical models that control for demographic and other characteristics that can be seen in the data set, but they can never be sure they have not missed “unobservable” characteristics.


25. Some of this research was conducted at a time when housing vouchers were called “Section 8 Certificates.”


33. For the debate on whether transitional housing for families is needed, see Dennis P. Culhane, Stephen Metraux, Jung Min Park, Maryanne Schretzman, and Jesse Valente, “Testing a Typology of Family Homelessness Based on Patterns of Public Shelter Utilization in Four U.S. Jurisdictions: Implications for Policy and Program Planning,” Housing Policy Debate 18(1), 2007, 1–28, and the comments on that article in the same issue by Ellen L. Bassuk, Martha R. Burt, and Fred Karnas.


37. Such negative incentives include inflexible caps on the amount of subsidy funds that can be in use at any one time and recapture of voucher funds that were intended to preserve the total number of slots of deeply targeted assisted housing units in a community where public housing units are to be demolished or Section 8 projects converted to other use. These replacement vouchers are also used for relocating the particular households displaced by the withdrawal of “hard” units of assisted housing, so PHAs tend to stockpile them waiting for the relocations to take place. In recent years, HUD has often taken back these “underutilized” funds, leaving the community with a net loss of assisted housing.

42. For a critique of specific features of New York City’s Housing Stability Plus program, see http://www.coalition-foarthomeless.org/spotlight/city_rent_plan_2004.html.
43. This is a very rough estimate, based on the number of “worst case needs” households, of the size of an open enrollment voucher program with no waiting list.

References


About the Author

Jill Khadduri joined Abt Associates in 2000, following 17 years as director of the Policy Development Division at the U.S. Department of Housing and Urban Development. Her recent work on homelessness has focused on evaluating program costs and benefits and understanding the characteristics and dynamics of homelessness, including the intersection of homelessness and low-income housing assistance.