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Policy Basics is a series of brief background reports on issues related to budgets, taxes, and government assistance programs.

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Created in the 1970s, the “Section 8” Housing Choice Voucher Program, has become the dominant form of federal housing assistance.

What is the housing voucher program?

Low-income families use vouchers to help pay for housing that they find in the private market. The program is federally funded, but vouchers are distributed by a network of 2,400 local, state, and regional housing agencies. Roughly 2 million low-income families have vouchers.

Who is eligible for vouchers?

Vouchers are a critical form of assistance for low-income families with children, the elderly, and people with disabilities. Federal rules ensure that vouchers are targeted at the families who need them most.

How does a family use a voucher?

Once a family receives a voucher, it has at least 60 days to find housing. A family can use a voucher to help pay the rent either for its current unit or for a new unit. In either case, the housing agency must verify that the unit meets federal housing quality standards and that the rent is reasonable compared to market rents for similar units in the area.

How much rent do vouchers cover?

A family with a voucher is generally required to contribute 30 percent of its income for rent and utilities. The voucher then pays the rest of those costs, up to a limit (called a “payment standard”) set by the housing agency.

Are vouchers used only to help rent units selected by the tenant?

No. Up to 20 percent of voucher funds can be used for subsidies — called “project-based” vouchers — that are tied to a particular building rather than a particular family and thus can help pay for the construction or rehabilitation of housing for low-income families. Also, vouchers are sometimes used to help with mortgage payments, enabling low-income families to purchase homes.

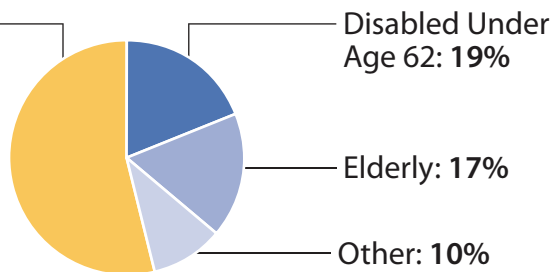
How are vouchers allocated to state and local housing agencies?

Each agency has a cap on the number of vouchers it is authorized to administer. An agency’s number of “authorized vouchers” is essentially the sum of the vouchers the agency has been awarded since the start of the voucher program. Each year, Congress provides some new vouchers in addition to renewing existing ones. Since 2003, most new vouchers have been “tenant-protection” vouchers, which are provided to replace either public housing that is demolished or sold or other affordable housing units that lose federal subsidies.

Who Is Helped by Housing Vouchers?

Families with Children: **54%**

Source: CBPP analysis of HUD RCR data for December 1, 2007 through March 31, 2009. Most Moving To Work (MTW) agencies are not included in the RCR data. Households with children that are headed by persons who are elderly or have disabilities are included under the "Families with Children" category.



How are vouchers funded?

For most state or local housing agencies, the amount of voucher funding each year is based on the number of an agency's authorized vouchers that were in use in the prior year and the actual cost of those vouchers, adjusted for inflation and several other factors. Funding for new vouchers and administrative costs is provided separately. Agencies facing certain special circumstances (such as some agencies participating in the Moving-to-Work demonstration) are funded under different formulas.

How effective are vouchers?

Research has shown that vouchers are more cost-effective than federal programs that build affordable housing for low-income households. Vouchers have been found to sharply reduce homelessness and housing instability — both of which have been linked to a variety of developmental and health problems in children — and to help families move to lower-poverty neighborhoods with better schools and higher rates of employment.

For more information about the voucher program, see "Introduction to the Housing Voucher Program" at <http://www.cbpp.org/cms/index.cfm?fa=view&id=2817>.

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