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Policy Brief: Housing Vouchers in Economic Recovery Bill Would Sharply Cut Homelessness, Housing Instability

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The economic recovery legislation now being developed in Congress (also known as “Build Back Better”) would fund as many as 750,000 new Housing Choice Vouchers to help people with low incomes afford stable housing, at the end of a five-year phase-in.¹ The voucher expansion only amounts to about one-fifth of the recovery bill’s investment in housing, which is largely focused on subsidies to build or renovate housing.² But the vouchers — which we estimate would assist 1.7 million people when fully phased in, including 660,000 children, 180,000 seniors, and 330,000 people with disabilities — would do more than any other housing policy in the legislation to reduce homelessness and other hardship for people who struggle most to afford a home:

- An extensive body of research shows that these new vouchers, which would be tightly targeted on families and individuals who need them most, would sharply reduce homelessness, housing instability, and overcrowding. By helping families obtain stable housing, vouchers also have other proven benefits for children (such as a lower likelihood of being placed in foster care, fewer school changes, and fewer sleep disruptions and behavioral problems) as well as adults (such as lower rates of domestic violence and drug and alcohol abuse).
- Vouchers would reduce the large racial disparities in housing opportunity, which reflect longstanding discrimination in housing, employment, and other areas. Some 71 percent of those assisted by the vouchers would be people of color. Vouchers would also give families (including families of color, who often have faced discriminatory rental practices and zoning laws that limit their housing choices) broader choice about where they live. Studies show that when vouchers enable families to move to high-opportunity areas, both children and adults can benefit over the long term.

¹ The full version of this report, with state-by-state estimates of how many people would benefit from the expansion, is available at <https://www.cbpp.org/research/housing/housing-vouchers-in-economic-recovery-bill-would-sharply-cut-homelessness-housing>.

² The sections of the bill approved by House committees would invest more than \$370 billion in housing, including \$327 billion in spending within the jurisdiction of the House Financial Services Committee and \$47 billion for housing tax subsidies under the jurisdiction of the Ways and Means Committee.

- While construction and renovation subsidies have an important role to play, they rarely make rents affordable to the lowest-income households unless the household also receives a voucher or other rental assistance. Without the additional rental assistance the bill would provide, therefore, the recovery bill's subsidies to increase the housing supply could end up doing little to help the families who have the greatest difficulty affording housing. The rental assistance in the bill — both vouchers and separate funding to expand other programs such as Section 8 Project-Based Rental Assistance — would help make units affordable to families with incomes around or below the poverty line, including in units built with the bill's renovation and capital subsidies.
- Rental markets could readily absorb the bill's new vouchers. The number of units needed would be small compared to the overall size of the nation's rental stock, and many of the new vouchers would likely go to households that already rent housing but pay very high shares of their income for rent. Also, the number of families currently helped by Housing Choice Vouchers is limited by inadequate funding, not a shortage of units; in recent years housing agencies have used virtually all of the voucher funding they have received.

As the bill advances through the legislative process, lawmakers should place a high priority on retaining the voucher expansion along with other investments that benefit people with the greatest need for housing assistance, such as public housing renovations, the national Housing Trust Fund, tribal housing, and Project-Based Rental Assistance.

As Congress moves to finalize the recovery package, tough trade-offs may be necessary. In this context, it is important to recognize the impact that reducing voucher funding levels would have. For every \$5 billion reduction in the bill's funding for vouchers, we estimate that 112,000 people who would have received voucher assistance once the expansion is fully in place will be left unassisted, greatly increasing the chances that they will experience homelessness, eviction, and other severe hardship. This would include 44,200 children, 22,100 people with disabilities, and 12,100 seniors. Some 79,100 of those denied assistance as a result of such a reduction would be people of color.³

³ These estimates assume that the reduction is applied proportionately to all of the components of the bill's \$75 billion voucher funding allocation.