

Project-Based Vouchers

Project-based vouchers are part of the [Housing Choice Voucher](#) program, which helps more than 5 million people in 2.2 million low-income families rent modest housing in the private market.

What Are Project-Based Vouchers?

Most Housing Choice Vouchers are “tenant-based,” meaning families can use them to rent any private apartment that meets program guidelines. Project-based vouchers (PBV), in contrast, are attached to a specific unit whose landlord contracts with the state or local public housing agency to rent the unit to low-income families. Families can move without losing rental assistance if another voucher is available. If a family in a project-based voucher unit moves out, another low-income family moving in benefits from the rent subsidy it provides.

Families in units with PBVs contribute 30 percent of their income for rent and utilities; the voucher pays the difference between the tenant contribution and the unit’s total rent and utility costs.

PBVs, administered by state and local housing agencies, are distinct from [Section 8 Project-Based Rental Assistance](#) (PBRA), a program through which property owners have contracted directly with the Department of Housing and Urban Development (HUD) to rent units to low-income families. Congress has ended HUD’s authority to sign new PBRA contracts, so PBVs are the largest, most available tool to create new project-based rental assistance. Unlike old-style project-based rental assistance, PBVs do not require families to live in a particular location in order to receive help paying the rent. Families in PBV units may move to a new location with an available tenant-based voucher.

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Who Is Eligible for Project-Based Vouchers?

Federal rules ensure that Housing Choice Vouchers — whether tenant- or project-based — are targeted at the families who need them most. Seventy-five percent of new households admitted each year to an agency’s Housing Choice Voucher program must be “extremely low income,” with incomes not exceeding 30 percent of the local median or the poverty line, whichever is higher. Other new households may have incomes up to 80 percent of the area median.

Only 1 in 4 families that are eligible for federal rental assistance actually receives it due to funding limitations, so most housing agencies maintain waitlists of families eligible for vouchers. Agencies can maintain separate waitlists for PBVs and tenant-based vouchers or a single waitlist for all vouchers.

How Are Project-Based Vouchers Funded?

PBVs are funded as part of an agency’s annual housing voucher funding from HUD. Tenants typically contribute 30 percent of their income towards rent. Housing agencies can use up to 20 percent of their Housing Choice Vouchers for PBVs, plus an additional 10 percent to assist veterans or people experiencing homelessness, to provide [supportive housing](#) to seniors or people with disabilities, or in areas where the poverty rate is 20 percent or less. (Units converted from other federal assistance to PBVs don’t count toward this cap.)

The agency enters into a contract with a property owner for up to 20 years initially, with the option to renew. Project-based vouchers can generally be attached to no more than 25 percent of the units in a given property or 25 units, whichever is greater, unless the property is located in a low-poverty area or provides supportive housing.

What Are the Benefits of Project-Based Vouchers?

PBVs are not widely used but are gaining popularity, as they have multiple benefits for agencies and communities. Project-basing some of its vouchers can help an agency:

- 1. Provide supportive services to voucher tenants.** Some tenants, like the elderly, people with disabilities, or the formerly homeless might need additional services to maintain stable housing and their health. Attaching PBVs to a number of units in the same property can enable service providers to work more efficiently with residents and improve access to services. PBVs are particularly well suited to create supportive housing, since properties that make services available to residents can have PBVs attached to more than 25 percent of their units and agencies can set waitlist preferences to prioritize people who are eligible for the services offered.

- 2. Help families secure units where it may be hard to use vouchers.** Living in lower-poverty neighborhoods can **benefit** both voucher holders and their children, but families with vouchers may be unfamiliar with such neighborhoods or have difficulty finding willing landlords, or their voucher may not pay the going rent in these neighborhoods. In neighborhoods with low vacancy rates, stiff competition for available units exacerbates these problems. PBVs lower many of those barriers by creating dedicated units for low-income families. Also, PBVs may be more attractive to landlords than tenant-based vouchers since they provide more stable income and may provide higher payments. Housing agencies can attach PBVs to a greater share of units in properties in lower-poverty areas. In census tracts where the poverty rate is 20 percent or less, agencies can attach PBVs to the larger of 25 units or 40 percent of the units in the project.

PBVs can also lock in lower rents in neighborhoods with fast-rising housing costs if the contract limits rent increases to changes in the landlord's cost to operate the building rather than changes in market rents.

- 3. Create more affordable and mixed-income housing.** Agencies can attach PBVs to newly constructed or rehabilitated units as well as existing units. And, by guaranteeing a future source of stable income for a development, PBVs can be integral to the financing package that makes constructing or rehabilitating affordable housing possible. Also, since properties generally cannot use PBVs in more than a minority of the units, these projects are more likely than older forms of assisted housing to serve tenants with a mix of incomes, while preserving low-income families' ability to choose to move with continued rental assistance to a location that better suits them.

30%

Share of income tenants receiving project-based vouchers contribute toward their rent and utility costs.

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- plus an additional 10 percent to assist veterans or people experiencing homelessness, to provide supportive housing to seniors or people with disabilities, or in low-poverty areas.