Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children

By Will Fischer

Housing Choice Vouchers sharply reduce homelessness and other hardships, lift more than a million people out of poverty, and give families an opportunity to move to safer, less poor neighborhoods. These effects, in turn, are closely linked to educational, developmental, and health benefits that can improve children's long-term life chances and reduce costs in other public programs. This analysis reviews research findings on vouchers' impact on families with children, people with disabilities, and other poor and vulnerable households.

The Housing Choice Voucher program, the nation’s largest rental assistance program, helps more than 2 million low-income families rent modest units of their choice in the private market. But due to funding limitations, only about one in four families eligible for a voucher receives any form of federal rental assistance.

Reducing Crowding, Housing Instability, and Homelessness

Housing vouchers have been found to sharply reduce homelessness, housing instability, and overcrowding among program participants. (See Figure 1.) A rigorous evaluation conducted from 2000 to 2004 examined the effect of vouchers on low-income families with children. When researchers compared families that were randomly selected to receive vouchers (and then used a voucher for at least part of the year in which a follow up survey was conducted) to families in a control group who did not use vouchers, they found that vouchers:

- Reduced the share of families that lived in shelters or on the streets by three-fourths, from 13 percent to 3 percent.
- Reduced the share of families that lacked a home of their own — a broader group that includes those doubled up with friends and family in addition to those in shelters or on the streets — by close to 80 percent, from 45 percent to 9 percent.
- Reduced the share of families living in crowded conditions by more than half, from 46 percent to 22 percent.
- Reduced the number of times that families moved over a five-year period, on average, by close to 40 percent.
A second, ongoing national study is comparing homeless families with children that were issued vouchers to families that were randomly assigned to other anti-homelessness interventions (transitional housing or short-term rapid rehousing assistance) or to receive no special assistance. Results from the first 20 months confirm that vouchers reduce homelessness, crowding, and instability among families with children, and also show that they do so far more effectively than the other interventions examined. (See Figure 2.) In addition, vouchers for homeless families cut foster care placements (which are often triggered by parents’ inability to afford suitable housing) by more than half, sharply reduced moves from one school to another, and cut rates of alcohol dependence, psychological distress, and domestic violence victimization among the adults with whom the children lived.

Research also links the housing problems that vouchers address to a range of other adverse outcomes with long-term consequences. Among children, homelessness is associated with increased likelihood of cognitive and mental health problems, physical health problems such as asthma, physical assaults, accidental injuries, and poor school performance. Studies have found that children in crowded homes score lower on reading tests and complete less schooling than their peers, perhaps because they lack an appropriate space to do homework and experience higher stress that interferes with academic performance.
Frequent family moves have been linked to attention and behavioral problems among preschool children. Low-income children who switch schools frequently tend to perform less well academically, are less likely to complete high school, and as adults obtain jobs with lower earnings and skill requirements. Housing instability also affects the classmates of students who move; in schools with high turnover, teachers are less able to gauge the effects of instruction, lessons become review-oriented, the pace of curriculum slows, and student achievement is substantially lower.

In addition to their benefits for families with children, vouchers are highly effective among other types of low-income households — including individuals with severe mental illness and veterans with psychiatric or substance abuse disorders — in reducing homelessness and increasing access to stable, independent housing, rigorous studies have found.

Reducing Poverty

Vouchers and other rental assistance lifted 2.8 million people — including about 900,000 children — above the poverty line in 2014 under the federal government’s Supplemental Poverty Measure, which counts non-cash benefits. Vouchers alone likely produced at least half of that effect. Research has shown that poverty may have a variety of harmful effects on children, including damage to their neural development. In addition, research on a range of income-support policies (though not specifically vouchers) has found that children in poor families that receive added income do better in school and likely earn more as adults.
By reducing families’ rental costs, rental assistance allows them to devote more of their limited resources to meeting other basic needs. Families paying large shares of their income for rent spend less on food, clothing, health care, and transportation than those with affordable rents. Children in low-income households that pay around 30 percent of their income for rent (as voucher holders typically do) score better on cognitive development tests than children in households with higher rent burdens; researchers suggest that this is partly because parents with affordable rent burdens can invest more in activities and materials that support their children’s development. Children in families that are behind on their rent, on the other hand, are disproportionately likely to be in poor health and experience developmental delays.

**Helping Low-Wage Workers Make Ends Meet**

About two-thirds of non-elderly, non-disabled voucher holders work or worked recently, and vouchers are critical to enabling low-income working families to make ends meet. For a mother of two renting an apartment for $700 and working 30 hours a week at the minimum wage, a voucher is worth about $440 a month.

The research evidence on the impact of rental assistance on employment and earnings is mixed. One rigorous, random-assignment evaluation of vouchers for families with children found that earnings dropped temporarily when families first received a voucher (perhaps because some participants changed jobs when they used the voucher to move) but that this effect disappeared over time, and that vouchers had no significant impact on work over a 3.5-year follow-up period. A second rigorous study found some ongoing reductions in earnings among voucher holders in Chicago, although it isn’t clear whether those findings are applicable elsewhere.

There also is important evidence, however, that welfare-to-work programs that help parents find jobs are more effective among families that receive housing assistance than among other families. This finding suggests that stable housing may be an important prerequisite for a parent’s ability to succeed in job training and employment.

The Department of Housing and Urban Development (HUD) is sponsoring national random-assignment evaluations of two policies designed to increase earnings among voucher holders. The first evaluation is testing changes to the rules for setting voucher holders’ rents that are intended to simplify administration and strengthen work incentives for participants. The second evaluation is assessing HUD’s Family Self-Sufficiency (FSS) program, which provides some voucher holders and public housing residents with employment counseling, service referrals, and financial incentives to encourage work and support saving. Non-experimental findings show substantial earnings growth among FSS graduates, and early results from an experimental study in New York show that after 30 months of implementation, the program raised earnings substantially among some (though not all) subgroups of voucher holders.

**Giving Families Access to Neighborhoods with Better Opportunities**

By allowing families to rent a unit of their choice in the private market, vouchers enable them to move to safer neighborhoods with less poverty. Vouchers’ overall effects on households’ access to low-poverty neighborhoods are modest, but they are substantial among minority households with children: 17 percent of poor black children and 15 percent of poor Hispanic children in the voucher program live in neighborhoods where less than a tenth of residents are poor, compared with just 7
percent and 9 percent of all poor black and Hispanic children. In instituting promising reforms in the voucher program could enhance vouchers’ effectiveness in giving families access to higher-opportunity neighborhoods.

Children whose families move to low-poverty neighborhoods when they are young are far more likely to attend college and less likely to become single parents, and earn significantly more as adults, research shows. (See Figure 3.) Research also shows that adults who used a housing voucher to move to a less poor neighborhood were less likely to suffer from depression, psychological distress, extreme obesity, and diabetes, results that could reflect reduced stress due to lower crime and better access to public exercise space.

While some critics claim that moves by voucher holders lead to more crime in destination neighborhoods, a careful study of neighborhood crime rates in ten large cities found no evidence of this effect.

**FIGURE 3**

**Moving with Voucher to Lower-Poverty Neighborhoods While Young Improves Key Adult Outcomes**

<table>
<thead>
<tr>
<th></th>
<th>Did not move</th>
<th>Moved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult earnings (average annual)</td>
<td>$11,270</td>
<td>$14,747</td>
</tr>
<tr>
<td>College attendance</td>
<td>16.5%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Single parenthood</td>
<td>33%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Note: Outcomes are for children up to age 13 at the time of random assignment under the Moving to Opportunity demonstration. Experimental group families received vouchers that could only be used to relocate to neighborhoods where fewer than 10 percent of residents were poor; results are for children whose families used their voucher.

Reducing Costs in Health Care and Other Public Services

In addition to improving the lives of vulnerable low-income people, vouchers and other rental assistance can produce savings in other program areas that offset part (in some circumstances all) of the cost of the rental assistance. For example:

- One study found that rental assistance combined with supportive services for families at risk of losing their children to the child welfare system produced savings in the emergency shelter and child welfare systems that offset almost the entire cost of providing rental assistance and supportive services. A larger evaluation is underway to confirm and expand on these findings.\(^ {38} \)
- Vouchers provided to homeless families with children reduce other shelter costs (such as those for transitional housing and emergency shelter) enough to offset nearly the entire cost of the voucher.\(^ {39} \)
- Rental assistance combined with supportive services for homeless individuals with serious health problems can achieve savings in the health care, corrections, and emergency shelter systems. The combined savings may be close to or above the cost of the rental assistance and services.\(^ {40} \)
- Vouchers can help the elderly and people with disabilities retain their independence and avoid or delay entering more costly institutional care facilities by enabling them to rent accessible units in the private market or live in supportive housing developments that meet their needs. Helping elderly people and people with disabilities to live independently can help reduce health care costs.\(^ {41} \)

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2 Data are from a follow-up survey conducted four and a half to five years after random assignment. Data show the percentage of families that were homeless and without homes of their own during the 12 months preceding the survey, the percentage in overcrowded housing at the time of the survey, and the total number of moves during the period after random assignment. This study targeted families who received, had recently received, or were eligible for Temporary Assistance for Needy Families (TANF), and 80 percent of participants received TANF benefits at the start of the evaluation. By the end of the study period, however, only about 30 percent of participants received TANF benefits. By comparison, 19 percent of all voucher holders with children received TANF benefits in 2010 according to HUD data. Michelle Wood, Jennifer Turnham, and Gregory Mills, “Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation,” Housing Policy Debate, Vol. 19, issue 2, pp. 367-412, 2008; Gregory Mills et al., “Effects of Housing Vouchers on Welfare Families,” prepared for U.S. Department of Housing and Urban Development Office of Policy Development and Research, September 2006.


5 Berti et al, note 4.

Chicago. Chicago had a far greater degree of racial segregation and a factor not be applicable elsewhere. The study uses an experimental approach in Chicago had no significant effect on several measures of child well-being, and the impact on other outcomes was mixed. 

Vouchers have been little rigorous research regarding the long-term benefits. The Current Population Survey data used to produce these estimates do not reliably distinguish between the effects of vouchers and other forms of rental assistance, such as public housing and project-based rental assistance. However, vouchers likely account for at least half of rental assistance recipients lifted out of poverty. Thus, vouchers likely account for at least half of rental assistance recipients lifted out of poverty. The poorest families than other forms of rental assistance do. Thus, vouchers likely account for at least half of rental assistance recipients lifted out of poverty.

CBPP calculations from Kathleen Short, *The Supplemental Poverty Measure 2014*, Census Bureau Series P60-254, September 2015, [http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-254.pdf](http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-254.pdf). The Current Population Survey data used to produce these estimates do not reliably distinguish between the effects of vouchers and other forms of rental assistance, such as public housing and project-based rental assistance. However, vouchers assist approximately half of the people with rental assistance and target a larger share of assistance on the poorest families than other forms of rental assistance do. Thus, vouchers likely account for at least half of rental assistance recipients lifted out of poverty.


Greg J. Duncan and Katherine Magnuson, *“The Long Reach of Early Childhood Poverty,”* Pathways, Winter 2011, [http://www.stanford.edu/group/sespi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf](http://www.stanford.edu/group/sespi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf). There has been little rigorous research regarding the long-term impact on children's well-being of vouchers generally (although vouchers used in low-poverty neighborhoods have major long-term benefits). One study found that vouchers issued to families in Chicago had no significant effect on several measures of child well-being over a 14-year period, but that finding may not be applicable elsewhere. The study uses an experimental design and has a large sample size, making the findings highly reliable for the population it studies, but it only assesses families issued vouchers in 1997-98 and 2000-03 in Chicago. Chicago had a far greater degree of racial segregation and a far higher share of vouchers concentrated in high-
poverty areas than was (or is) typical nationally. Moreover, the city at that time was undertaking the nation’s largest public housing transformation—a process that resulted in many public housing residents being displaced, issued vouchers, and placed in competition with other voucher holders for apartments, and may have made it harder for families to use their vouchers in stable, well-located housing of adequate quality that they could rent with their vouchers. These conditions may have muted vouchers’ positive effects, making it unclear whether the study’s findings can be generalized to voucher holders in other places and times. Brian Jacob, Max Kapustin, and Jens Ludwig, “Human Capital Effects of Anti-Poverty Programs: Evidence from a Randomized Housing Voucher Lottery,” National Bureau of Economic Research, Working Paper 20164, May 2014, http://www.nber.org/papers/w20164.


27 For assessments of the research, see James A. Riccio, “Subsidized Housing and Employment: Building Evidence of What Works,” in Nicholas P. Retsinas and Eric S. Belsky, eds., Revisiting Rental Housing. Joint Center for Housing Studies and Brookings Institution Press, 2008; Sandra Newman, C. Scott Holupka, and Joseph Harkness, “The Long-Term Effects of Housing Assistance on Work and Welfare,” Journal of Policy Analysis and Management, volume 28, number 1, 81-101, 2009; and Jeff Lubell, “Rental Assistance: A Drag on Work or a Platform for Opportunity?”, Spotlight on Poverty and Opportunity, December 12, 2011, http://www.spotlightonpoverty.org/ExclusiveCommentary.aspx?id=8f1764fe-5e54-4e1d-aec1-71e5f8b6bc2e. While these assessments were published before the final version of the most rigorous study (Jacob and Ludwig, note 28) finding that vouchers reduce work, they were able to consider the central findings of that study—along with other research—because those findings had been published in working papers as early as 2006.

28 Wood et al, note 2. As discussed above, this study examined families with children that received, had recently received, or were eligible for TANF benefits at the start of the study (although fewer than a third actually received TANF benefits by the end of the study). This may limit the applicability of the findings to other groups, particularly households without children. Two recent non-experimental studies that examined the effects of rental assistance on work among broader populations also found early negative effects on work but found that those effects were not sustained over the course of the study period. See Deven Carlson et al, “Long-Term Effects of Public Low-Income Housing Vouchers on Labor Market Outcomes,” Institute for Research on Poverty discussion paper no. 1363-09, April 2009; and Newman et al, note 27. The ongoing study of vouchers for homeless families discussed above found lower employment among families issued vouchers, but results are only available for the first 18 months so it is not yet clear whether they will disappear over time like the employment effects in the national study of TANF-eligible families or persist like those in the Chicago study. See Gubits et al, note 3.


30 Riccio, note 27.


34 For example, early research shows that a “small area fair market rent” policy that sets voucher subsidy caps in particular neighborhoods based on market rents for that neighborhood (as opposed to rents for the entire metropolitan area, as under the current policy) is more effective at enabling families to live in neighborhoods with better schools, more college graduates, and less violent crime, poverty, and unemployment. Robert A. Collinson and Peter Ganong, “The Incidence of Housing Voucher Generosity,” May 2015, p. 16, http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=2255799.


39 Gubits et al., 2015.
