



A State-Level Rent Voucher Program

Executive Summary

In the 2023 legislative session, New York State policymakers are expected to consider proposals for a state-funded voucher program aimed at combating homelessness. Legislation introduced in 2021 to establish such a program—the Household Access Voucher Program (HAVP)—did not move forward, but advocates for tenants and building owners alike remain interested in a state-level voucher program,¹ viewing it as a tool to prevent evictions, move households out of homeless shelters, lower rent burdens, and generally provide more housing stability to some of the state’s most vulnerable households.

A state-level voucher program would augment existing programs at the federal and local levels, including the federally-funded Housing Choice Voucher (HCV) and the Emergency Housing Voucher programs and New York City’s CityFHEPS program,² while potentially offering unique benefits. The Housing Choice Voucher program served more than 270,000 households in New York State in 2021,³ but that likely represents only about a quarter of

1. “CHIP Releases Legislative Agenda for 2023.” Community Housing Improvement Program, 28 Nov. 2022, <https://medium.com/@CHIPNYC/chip-releases-legislative-agenda-for-2023-4e1fd32762d5>; @REBNY. “We’re proud to support the Housing Access Voucher Program, which will help address the urgent needs of rent-burdened New Yorkers...” *Twitter*, 10 March 2022, 4:35 p.m., <https://twitter.com/REBNY/status/1502035549980401668>; Brand, David. “Bill to Create New Housing Voucher for Homeless New Yorkers Gains Traction in Albany.” *City Limits*, 17 Feb. 2022. <https://citylimits.org/2022/02/17/bill-to-create-new-housing-voucher-for-homeless-new-yorkers-gains-traction-in-albany/>.

2. A portion of CityFHEPS funding comes from both the state and federal government, but the City of New York covers 78 percent of total costs.

3. *Community Assessment Reporting Tool*. U.S. Department of Housing and Urban Development. <https://egis.hud.gov/cart/#>.

households that are eligible for the vouchers.⁴ Local-level vouchers offer more flexibility than federal programs, but are even more limited by the available budget. A state-level program could expand the reach of vouchers while allowing moves within New York State, which local programs like CityFHEPS do not allow.

While proponents assert a variety of benefits of a state-level program, exactly what such a program would cost, and how costs would differ depending on the program design, are the subject of considerable debate. This brief aims to help inform policymakers about the potential costs and benefits of such a program. It starts by modeling a statewide voucher program based on the legislation proposed in 2021. We estimate the program cost per household and the total number of households served under such a program. We then estimate how the cost and number of households served would vary with changes to program design. We also conduct a detailed literature review of the benefits of reducing homelessness and housing insecurity by expanding access to vouchers. Research affirms the value of vouchers as a tool for providing more housing stability for households with low or highly variable incomes; lowering rent burdens; and reducing overcrowding. In addition, vouchers have been linked to improvements in health and neighborhood satisfaction for participating households. If the legislature and the Governor agree to implement a new voucher program, they should consider strategies that research shows may improve its effectiveness, including supports targeted at helping tenants lease up, as well as broader interventions aimed at mitigating rent costs and controlling costs over time.

4. Acosta, Sonya and Erik Gartland. "Families Wait Years for Housing Vouchers Due to Inadequate Funding." *Center on Budget and Policy Priorities*, 22 July 2021. <https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding>.

Background

Existing Programs to Help Households Experiencing Homelessness or at Risk of Homelessness Find and Retain Housing

If created, a state-funded voucher program would operate alongside existing subsidy programs, including the Housing Choice Voucher program. Three-quarters of households admitted to the HCV program must be extremely low income, with incomes at or below 30 percent of Area Median Income (AMI), and the rest of the households must have incomes at or below 80 percent of AMI.⁵ The “Section 8” Housing Choice Voucher program is the largest rental assistance program in the country and is primarily funded via the Congressional appropriations process. The estimated federal expenditures remained fairly stable between FY 2021 and 2020, at around \$1.77 billion statewide.⁶

The CityFHEPS program is funded primarily by New York City, along with some state and federal funding. The CityFHEPS program provides a rent supplement to support families with children that receive public assistance, are currently homeless, or are at risk of homelessness, and meet other eligibility requirements.⁷ In 2021, CityFHEPS funding totaled \$228 million, with City funds covering 78 percent of the total amount. The NYC Independent Budget Office estimated that the total cost for the CityFHEPS rental subsidy program will be \$210 million in 2022, growing to at least \$263 million per year beginning in 2023.⁸

The CityFHEPS program represents only a portion of what the federal, state, and city governments pay to help people who are homeless or at risk of homelessness in New York City. In FY 2021, the total budget of the NYC Department of Homeless Services (DHS) was almost \$3.1 billion, 46 percent of which came from City funds, 47 percent came from federal funding sources, and 5.6 percent of which came from the State of New York (the remaining funds came from “other categorical” and “intra city” sources).⁹ That same year, the state

5. “Policy Basics: The Housing Choice Voucher Program.” *Center on Budget and Policy Priorities*, 12 April 2021, <https://www.cbpp.org/research/housing/the-housing-choice-voucher-program>.

6. *Community Assessment Reporting Tool*. U.S. Department of Housing and Urban Development. <https://egis.hud.gov/cart/#>.

7. “CityFHEPS Frequently Asked Questions for Clients in the Community.” *NYC Department of Social Services*, 5 May 2022, <https://www.nyc.gov/assets/hra/downloads/pdf/cityfheps-documents/dss-7r-e.pdf>.

8. “Adams Increases Funds for Homeless Shelters, But More Needed for Shelters & Other Programs.” *New York City Independent Budget Office*, March 2022, <https://www.ibo.nyc.ny.us/iboreports/adams-increases-funds-for-homeless-shelters-but-more-needed-for-shelters-and-other-programs-fopb-march-2022.pdf>.

9. *Budget Function Analysis*. New York City Police Department, 14 June 2022, pg. 146. <https://www1.nyc.gov/assets/omb/downloads/pdf/adopt22-bfa.pdf>.

funding for single adult shelters in New York City totaled about \$74 million, compared to \$700 million from the City, and \$16.6 million from the federal government (not counting pandemic-related funds).¹⁰

HAVP Legislation

Senator Kavanagh and Assembly Member Cymbrowitz introduced the Housing Access Voucher Program (HAVP) during the 2021-2022 Legislative Session (S2804B/A3701B). The bills proposed a state-funded voucher program for households experiencing homelessness or at imminent risk of homelessness.¹¹

The legislation was never voted on outside of committee due to concerns about program cost. The bill specified that funding for HAVP would be subject to appropriation, and the Senate and Assembly included a proposed allocation of \$250 million for the first year of the program in their budget proposals.¹²

The bills proposed to allocate funds based on the number of severely rent-burdened households (those who pay more than 50 percent of their income on rent) in a county or city. At least 50 percent of funds in each jurisdiction would have to be spent on subsidies for households currently experiencing homelessness, with the remainder available to help households avoid losing their existing homes, and at least 85 percent of the funds would have to go to households with incomes at or below 30 percent AMI. Eligibility for the program would be limited to households with earnings equal to or less than 50 percent AMI, with priority given to those with a history of homelessness, including households that had received a temporary voucher or households with a voucher expiring within six months. Participating households would be required to contribute 30 percent of their income towards rent,¹³ after adjustments for dependents, elderly, and disabled household members.¹⁴

10. Simone, Jacquelyn. *State of the Homeless 2022*. Coalition for the Homeless, March 2022, <https://www.coalitionforthehomeless.org/state-of-the-homeless-2022/>.

11. New York, State Senate. Senate Bill S2804B, *nysenate.gov*, 25 Jan. 2021, <https://www.nysenate.gov/legislation/bills/2021/S2804>; New York, State Assembly. Assembly Bill A3701, *nysenate.gov*, 28 Jan. 2021, <https://www.nysenate.gov/legislation/bills/2021/a3701/amendment/original>.

12. Lam, Chau. "Governor's Nixing of Housing Voucher Program from NY Budget Leaves Advocates Wondering Why." *Gothamist*, 12 Apr. 2022. <https://www.gothamist.com/news/governors-nixing-of-housing-voucher-program-from-ny-budget-leaves-advocates-wondering-why>.

13. New York, State Senate. Senate Bill S2804B, *nysenate.gov*, 25 Jan. 2021, <https://www.nysenate.gov/legislation/bills/2021/S2804>; New York, State Assembly. Assembly Bill A3701, *nysenate.gov*, 28 Jan. 2021, <https://www.nysenate.gov/legislation/bills/2021/a3701/amendment/original>.

14. Mandatory deductions for adjusted household income include: \$480 for each dependent, \$400 for each elderly family member and/or each family member with a disability, childcare expenses so that a member of the household may be employed or further their education, unreimbursed medical expenses for elderly family members and/or family members with disabilities that exceed 3% of the household income, and child support payments.

The bill proposed to set maximum rents for voucher holders at 90 to 110 percent of the Department of Housing and Urban Development's (HUD) Fair Market Rents (FMRs)¹⁵ and would have made the vouchers valid across the state, following households if they moved. If household income exceeded the income requirement, the proposed legislation would allow the household to retain voucher assistance for at least one more year (subject to appropriation). Under the proposal, rental units would have to meet specified inspection standards and the subsidy would be paid directly to property owners.¹⁶

Examples of Other State-Level Vouchers

A number of states, including New Jersey, Connecticut, Massachusetts, and Colorado, have enacted state-funded voucher programs. None of the programs in those four states is funded sufficiently to reduce rent burden for all households in need, but each expands the availability of vouchers to help some of the households who are eligible for assistance under the federal voucher program but do not receive a voucher because of the federal program's budget shortfall. Those four programs all target households earning low incomes, with eligible income caps varying from 80 percent AMI in the case of the Massachusetts Rental Voucher Program (MRVP),¹⁷ to 50 percent AMI under the Connecticut Rental Assistance Program (RAP),¹⁸ and 30 percent under the New Jersey¹⁹ and Colorado programs. Some states add eligibility requirements such as a history of experiencing homelessness and a disabling condition,²⁰ or limit the length of time a household can receive a voucher.²¹ Similar to the proposed HAVP program, rents are typically limited to HUD FMRs and the rent contribution for participating households under these programs is normally capped between 30 and 40 percent of household income.

15. Fair Market Rents determine the maximum allowable rent for a voucher unit, and vary by unit size and location. For more information, see "Fair Market Rents (40th Percentile Rents)." *US Department of Housing and Urban Development, Office of Policy Development and Research*, <https://www.huduser.gov/portal/datasets/fmr.html>.

16. New York, State Senate. Senate Bill S2804B, [nysenate.gov](https://www.nysenate.gov/legislation/bills/2021/S2804), 25 Jan. 2021, <https://www.nysenate.gov/legislation/bills/2021/S2804>; New York, State Assembly. Assembly Bill A3701, [nysenate.gov](https://www.nysenate.gov/legislation/bills/2021/a3701/amendment/original), 28 Jan. 2021, <https://www.nysenate.gov/legislation/bills/2021/a3701/amendment/original>.

17. "Massachusetts Rental Voucher Program (MRVP)." *Mass.gov*, <https://www.mass.gov/service-details/massachusetts-rental-voucher-program-mrvp>.

18. "Rental Assistance Program." *Connecticut State Department of Housing*, <https://portal.ct.gov/DOH/DOH/Programs/Rental-Assistance-Program>.

19. "State Rental Assistance Program." *National Low Income Housing Coalition*, <https://www.reports.nlihc.org/rental-programs/catalog/state-rental-assistance-program-srap#>.

20. *State Housing Voucher (SHV) Program Policies & Procedures*. Colorado Department of Local Affairs Division of Housing, 1 Feb. 2022, https://www.drive.google.com/file/d/1_qJKE9Jn7G-JUPPyFOIVQBY8D-FmjVPI/view.

21. An SRAP rental subsidy has a time limit of up to 5 years, although it ends earlier if a Housing Choice Voucher becomes available. However, there is no time limit for elderly and/or disabled households receiving an SRAP rental subsidy. When the program ends, the tenant is responsible for their full rent. See "New Jersey Housing Program Fact Sheet." Central Jersey Housing Resource Center, 12 Jan. 2023, https://www.cjhrc.org/images/New_Jersey_Housing_Program_Fact_Sheet.pdf.

Estimating the Costs of the HAVP Program

Data and Methods

In this analysis, we model the costs of the voucher program proposed in the 2021-22 legislative session, using the criteria for eligibility and mandates about how the funds could be spent in S2804B/A3701B. We randomly select households in NYS that would have qualified for the voucher to estimate the cost and the number of households served over the first five years of the program.

Because we do not have detailed data on which households in New York are currently homeless or at risk of homelessness, we restrict our analysis to severely rent-burdened New York State renter households as a proxy.²² For the 50 percent of funds to be used for households currently experiencing homelessness, we also randomize our draw of households into the model based on the geographic distribution of sheltered families (so more families are pulled from areas with larger shelter populations).²³ As the proposed legislation would require, 85 percent of funds in our model support vouchers for Extremely Low-Income (ELI) households (those earning less than 30% of AMI), and the other 15 percent go to Very Low-Income (VLI) households (those earning less than 50% of AMI).

We assign half of the total program funds to vouchers for households exiting homeless shelters and the other half to households currently at risk of homelessness, as the legislation envisions. To determine the rent and incomes for households proxied to be at risk of homelessness, we use the ACS microdata for the current rents and incomes of those households. However, we assume that households leaving shelter will need to lease up at market rate rents (compared to ongoing leases for households at risk of homelessness), so we draw on 2022 county-level AMIs²⁴ and assign 2023 county-level FMRs²⁵ to estimate rent

22. We use 2021 one-year ACS microdata from IPUMS USA. Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, 2022. <https://doi.org/10.18128/D010.V12.0>.

23. We pull from each Public Use Microdata Area (PUMA) based on 2022 Point-in-Time counts at the Continuum of Care (CoC) geography. See: "HUD Exchange: PIT and HIC Data Since 2007." *Department of Housing and Urban Development*, Jan. 2023, <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/>.

24. "Income Limits: 2022 Data." *Department of Housing and Urban Development, Office of Policy Development and Research*, <https://www.huduser.gov/portal/datasets/il.html#2022>.

25. "Fair Market Rents: 2023 Data." *Department of Housing and Urban Development, Office of Policy Development and Research*. https://www.huduser.gov/portal/datasets/fmr.html#2023_data.

costs for that group.²⁶ As the proposed bill would mandate, we assume that households will pay 30 percent of their income towards rent and that the remaining rent cost will be covered by the voucher program.²⁷

Finally, we make a number of assumptions in modeling program costs. First, we assume that 65 percent of households who receive a voucher would be able to lease up in a given year, a figure based on the “success rate” of the Housing Choice Voucher program.²⁸ Those that are not able to lease up after a year are dropped from the program, and new households are then given those vouchers. To account for changing rent and income levels over time, we estimate that the voucher holders’ incomes would grow at an average rate of 1 percent per year and rents would increase by an average of 1.9 percent per year.²⁹ We assume an annual administrative cost of 10 percent of total program cost, and add \$1 million in start-up costs to the first year of our model.³⁰ Finally, to simplify the analysis, the model also assumes households stay in their unit during the entire period.³¹

26. We use the 2023 county-level FMRs from HUD (2023, under “data” -> “County Level Data”): https://www.huduser.gov/portal/datasets/fmr.html#2023_data. We added the 5, 6, and 7 bedroom FMRs based on the HUD formula.

27. As previously noted, the original program as proposed allowed for adjustments to expenses (see due to dependents), so some households would pay less than 30 percent of their income on the voucher. Our assumption of 30 percent may therefore understate the costs of the program somewhat.

28. This assumption may result in overestimating costs, because expanding voucher access may result in a decline in success rate. In addition, changes in the market relative to 2019 (the year of the success rate estimate) would cause the success rate to vary.

29. Based on Furman Center analysis of average real changes in median gross rent and median household income between 2010 and 2020 (ACS data, 2010-2020). See our recent brief, “Critical Land Use and Housing Issue for New York State in 2023,” for more on statewide trends back to 1980.

30. This is a conservative assumption of start of costs, although it only affects cost estimates in the first year of the program.

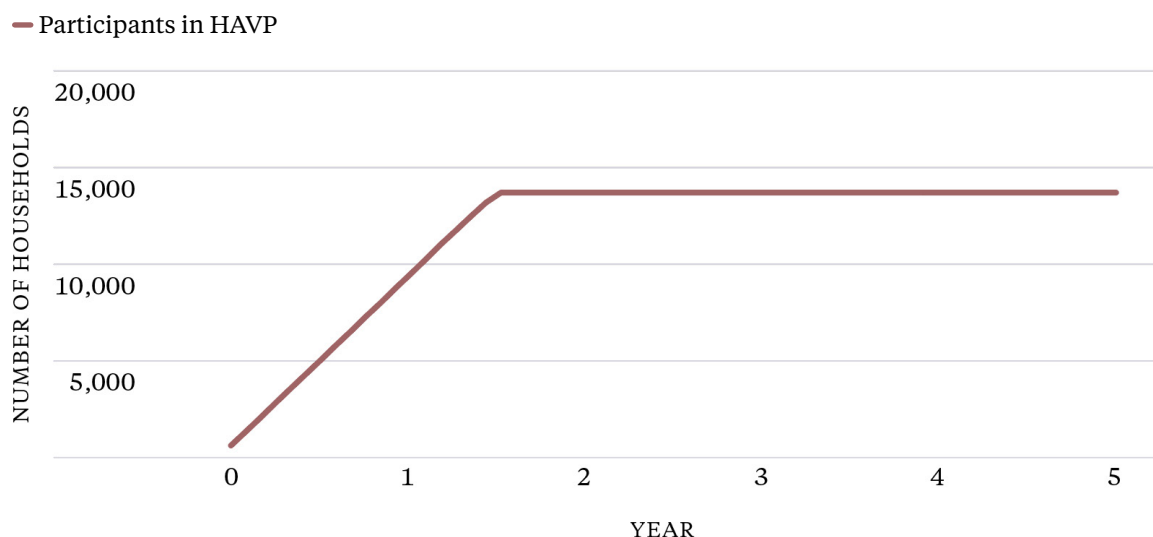
31. We run 10 iterations of the randomized model on a monthly basis over 60 months to estimate monthly programmatic costs and lease up in the first 5 years of the program.

Findings

As designed, the proposed HAVP would serve about 13,760 households. The program would cost \$83 million in its first year and rise to the full allocation of \$250 million in its third year, and then grow according to changes in rent prices and income.

As noted above, the proposed HAVP was accompanied by a request from the legislature for an appropriation of \$250 million in the 2022 state budget. We have assumed that the appropriation should be interpreted to mean that vouchers would be awarded to eligible households until the number of vouchers issued and fully leased-up would cost \$250 million per year. We estimate that a program of that scale would serve 13,764 households (Figure 1). Based on the experience of households in New York State who were provided with Housing Choice Vouchers in recent years, we assume that 65 percent of those given the vouchers will be able to lease a home or apartment with the voucher. Those unable to use the voucher (or who become ineligible for some reason) would be replaced by other households, and partway into the second year of the program, we estimate that the voucher program would reach the full capacity allowed under the budget. While any voucher program would operate slightly below full capacity (as households leave and enter the program each month), we simplify our model by smoothing the trend at capacity.

Figure 1: Number of Households in Program in a Given Month

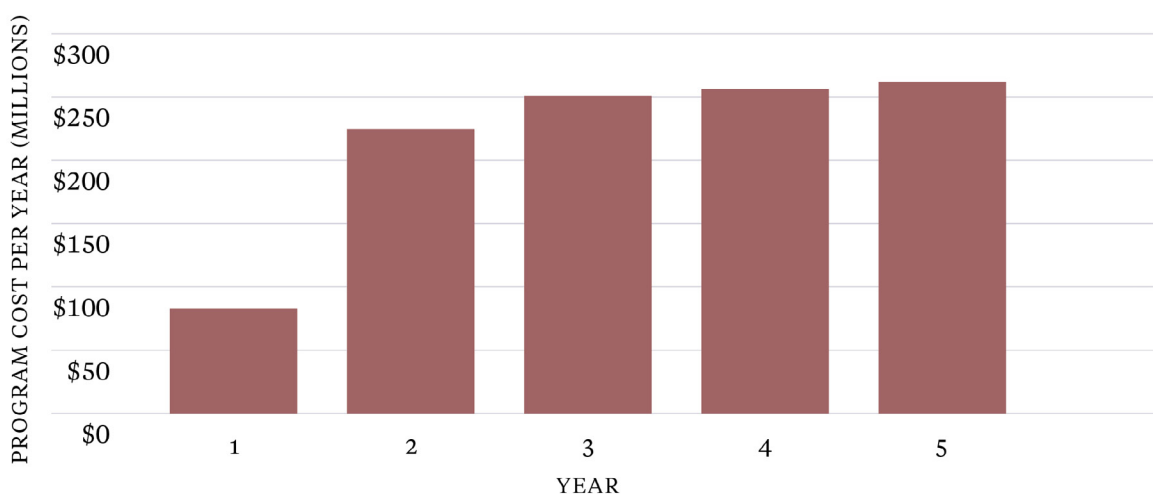


Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

A voucher designed to cost the state \$250 million annually in year three, the first complete year with full lease-up, would cost \$83 million in its first year and \$224 million in its second year, as households entered the program and signed leases. After year three, assuming the number of households served remained the same, the program cost would increase to \$256 million in year four and \$261 million in year five. The more than 2 percent annual increase in costs reflects assumptions about both increases in rents as well as increases in income (which would partially offset rent hikes). As long as rent increases (and FMRs, which reflect changes in rent) continue to outpace changes in incomes for voucher holders, the program cost would continue to rise. The total cost for the program over the five-year period would be close to \$1.1 billion.

Figure 2: Program Cost per Year (Millions)

Including 10% administrative and \$1M start-up costs



Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

The proposed program assigns funds to local governments based on their share of severely rent-burdened households. New York City is home to about two-thirds of the state's renter households, so as designed, the program would result in about 66 percent of funds being directed toward the city. However, because rents are higher in the city than in other parts of the state,³² providing 66 percent of total funds to the city would result in only about 58 percent of vouchers going to New York City residents (Table 1).³³

32. The government's share of monthly voucher costs in New York City averages out to about \$1,740 per household, compared to about \$1,200 in the rest of the state. Higher incomes in the city also translate to a larger average tenant contribution (\$460 compared to \$376).

33. If the program design were changed to direct all the New York City voucher funds solely to households exiting homeless shelters, we estimate that the program would serve roughly 6,000 households.

While voucher costs would be higher in New York City due to the more expensive rental market, a benefit of a statewide voucher program is that it would allow households in the city to move to other, less expensive parts of the state, if they chose to do so, unlike city-specific rental assistance supplement programs like CityFHEPS.

Table 1: Statewide Distribution of Households in Year Three

	<i>Total Number of Renter Households</i>	<i>Renter Households with Voucher</i>	<i>Total Voucher Program Cost in Year 3 (Millions)</i>	<i>Government Contribution per Household</i>	<i>Monthly Tenant Contribution per Household</i>
NYS	3,413,629	13,764	\$250	\$1,514	\$424
Outside NYC	1,235,670	5,846	\$85	\$1,208	\$376
NYC Only	2,177,959	7,918	\$165	\$1,740	\$460

NOTE: Estimates are for year 3 of the program, so incomes and rents are assumed to be higher than year 1.
Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

As designed, the program would spend at least half of its funds on vouchers for households currently experiencing homelessness. Those households would represent a larger monthly voucher cost than households at risk of homelessness in the same region. The difference in government contribution between the two groups is due to the expectation that households leaving shelter would lease up at market rents (FMRs), which typically exceed existing contract rents.

Table 2: Households Served in Year Three: by Targeted Group

	<i>Total Number of Renter Households</i>	<i>Total Voucher Program Cost in Year 3 (Millions)</i>	<i>Monthly Government Contribution per Household</i>
NYS Total	13,764	\$250	\$1,514
Households Exiting Shelter: NYC	2,997	\$83	\$2,300
Households Exiting Shelter: Rest of NYS	2,719	\$42	\$1,302
Households at Risk of Homelessness: NYC	4,921	\$83	\$1,398
Households at Risk of Homelessness: Rest of NYS	3,127	\$42	\$1,127

NOTE: Estimates are for year 3 of the program, so incomes and rents are assumed to be higher than year 1.
Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

Changes to the design of the program, including the way in which funds are allocated to local governments and the share of funds targeted to households in shelter, would change the cost and the number of households served.

The voucher program described in the original legislation could be tweaked in a number of ways to affect the total cost of the program and the number of households served by the program. To illustrate the levers the legislature can use to increase the number of people served, we examine two changes to the program design: adjustments in how the funds are allocated around the state, and adjustments in the share of funds spent on households experiencing homelessness.

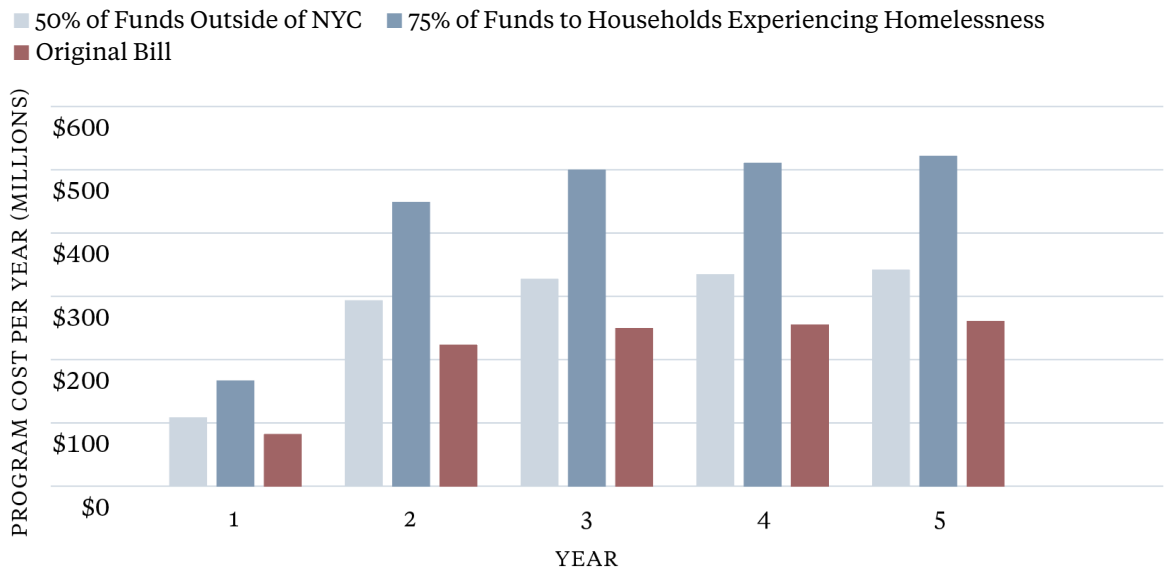
In Model 2, we match the amount spent in New York City with the amount spent in the rest of the state. As noted above, \$165 million of the \$250 million cost at full lease-up (year three) would be spent in New York City under the allocation system in the legislation as currently proposed. Model 2 allocates an equal amount outside of the City, almost doubling the funding going to the rest of the state (Figure 3). While the number of households served in New York City remains the same, the number of households renting with the vouchers in the rest of the state almost doubles, from 5,846 to 11,359 (Figure 4).

In Model 3, we increase the amount of funding spent on vouchers for households currently experiencing homelessness to 75 percent of the total cost of the program. The total cost of the program would then increase to \$500 million in year three: \$125 million for households at risk of homelessness (as allocated in the original program design) and close to \$375 million for households currently in shelter. While the total funding doubles, the number of households served only increases by 83 percent (from 13,764 to 25,208). The cost to serve households leaving shelter is higher on average than the cost to serve households at risk of eviction—reflecting the higher rent costs that result because households in shelter will lease up at FMRs, which are typically higher than the rents for existing leases.

Because we maintain the same assumption about changes in rent and income over time, costs increase at the same rate (but at different dollar amounts) across all three models. Similarly, we assume a 65 percent lease-up rate across all three models. It is also worth noting that we increased the program cost for both of these examples, but an alternative approach would hold the original total program cost constant while adjusting the distribution of funding to target different geographies or types of households. Under that approach,

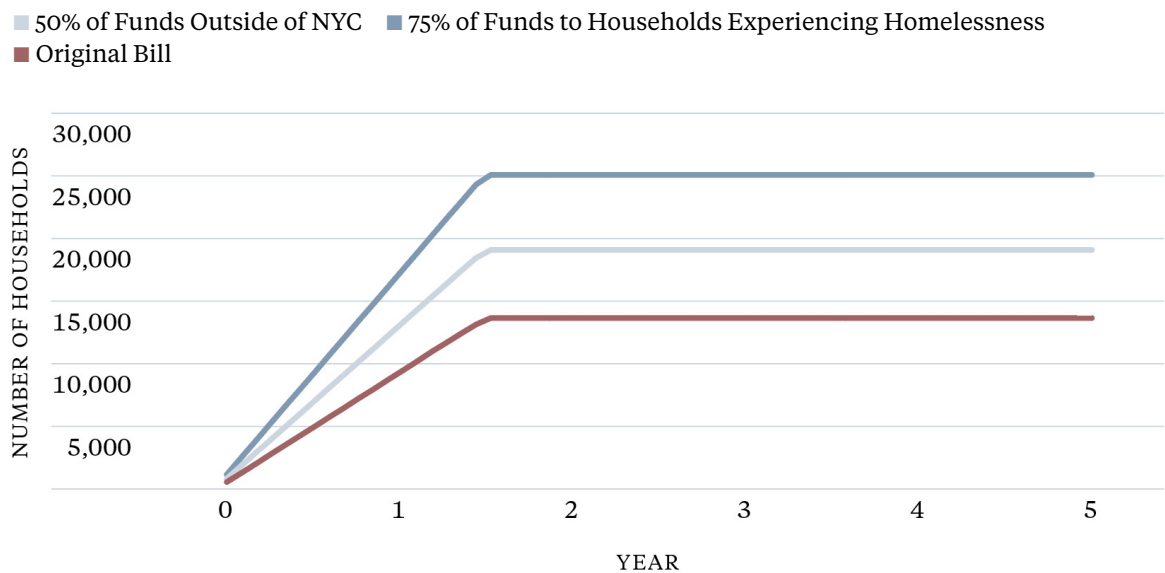
the number of households would have increased for Model 2 (because voucher costs are lower outside of New York City) and declined for Model 3 (as voucher costs are higher for households experiencing homelessness).

Figure 3: Program Cost per Year (Millions)



Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

Figure 4: Number of Households in Program in a Given Month



Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

Different types of households have different subsidy needs, and the demographic make-up of households reached by a given program could result in changes in costs.

While the proposed HAVP does not prioritize any particular types of households for vouchers, the cost of the program will depend in part on the composition of the households served. Our data shows the average cost of different types of households that would be served by the program as originally proposed. In Table 3, we examine the varying subsidy requirements of households with at least one child, households headed by a senior, and households headed by a person with a disability. The three groups are not mutually exclusive, and a household in our sample may be counted multiple times—for example, a household with children could be headed by a senior with a disability. Families with children would need the highest average subsidy of those three categories, even though they also contribute the highest amount towards rent (a result of higher average incomes), possibly reflecting the rent needed for a larger home to house a family. Households headed by a person with a disability would need a lower level of subsidy.

Table 3: Statewide Distribution of Households in Year Three

	<i>Households Statewide</i>	<i>Households in New York City</i>	<i>Households Outside of New York City</i>	<i>Monthly Government Contribution per Household</i>	<i>Monthly Tenant Contribution per Household</i>
Family with Children	3,739	2,167	1,572	\$1,581	\$497
Senior Head of Household	4,305	2,506	1,799	\$1,448	\$391
Head of Household with Disability	3,712	1,827	1,885	\$1,368	\$359

NOTE: Estimates are for year 3 of the program, so incomes and rents are assumed to be higher than year 1.

Sources: American Community Survey (2021) via IPUMS USA, Point-in-Time Count (2022), MABLE Geocorr (2018), NYU Furman Center

Benefits of Voucher Programs

Above, we explore the potential cost of a statewide voucher program. The benefits of such a program are more difficult to quantify and incorporate into our model, but existing literature points to a robust array of positive outcomes.

The Family Options Study

HUD's Family Options Study examined the impact of expanding access to different housing supports for families with children experiencing homelessness, including expanding access to a long-term housing subsidy (typically Section 8 or Housing Choice vouchers). The national study, launched in 2008, randomly assigned families in emergency shelters priority access to three different interventions: vouchers, rapid re-housing, and project-based transitional housing, as well as a comparison group given "usual care," with no priority access. It then followed those families over 37 months to track whether they were eventually able to access different forms of support and to identify costs and outcomes.

By comparing the combined costs of all programs used by households with priority access to vouchers to households given usual care in shelter, the study shed light on how expanding access to vouchers changed the costs of providing housing for families experiencing homelessness. The average monthly cost to support families with a voucher was \$3,647 less than the cost for families in emergency shelter. However, when evaluated over the entire 37 months of the study, the average total program costs for households given usual care were overtaken by families with priority access to a voucher. Expensive shelter stays eventually ended for most households given usual care (as they moved out of a shelter without program use or accessed some other subsidy, for example). Voucher costs for the families given priority access to vouchers, however, typically continued, so by the end of the 37 months studied, the costs of serving those families given priority access to vouchers was 9 percent higher than the cost of serving those without priority access. The time-limited nature of the study means that it is unable to capture costs over the longer term, such as potential returns to shelter.

Researchers evaluated family outcomes across several dimensions of well-being at 20 months and 37 months after the start of the study, taking a multiple-stage look at the impact of expanding access to vouchers. The study found that, at both 20 months and 37 months, priority access to vouchers decreased homelessness.³⁴ At 20 months, 49.6 percent of those that received usual care had spent at least one night homeless in the past six months or had been in an emergency shelter in the past 12 months, compared to 21.6 percent among those that received priority access to a housing subsidy.³⁵ At 37 months, researchers found that the gap had closed slightly but remained significant (38.1% and 17%, respectively).

In addition, researchers found that 20 months after being given priority access to housing vouchers, the families experienced fewer separations from a child, evidence of alcohol and drug problems (according to screenings), and school and childcare absences compared to families given usual care. At 37 months, families with priority access to long-term vouchers saw a decrease in behavior problems among children, compared to families given usual care. Households with priority access also had increased separation from a spouse or partner; researchers noted that, given the high rate of intimate partner violence experienced by family heads in the study, vouchers could help facilitate exits from violent relationships.

At both 20 and 37 months, those with priority access to vouchers saw a decrease in psychological distress, intimate partner violence, number of schools attended by children, and food insecurity, all positive outcomes. A more mixed outcome was a decrease in the share of family heads working among households with priority access to a long-term voucher, compared to households with no priority access to housing interventions or services.³⁶

34. *Family Options Study: 3-Year Impacts of Housing and Services Interventions for Homeless Families*. US Department of Housing and Urban Development, Office of Policy Development and Research, Oct. 2016, <https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudySummaryReport.pdf>.

35. *Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families*. US Department of Housing and Urban Development, Office of Policy Development and Research, Jul. 2015, https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudy_final.pdf.

36. *Family Options Study: 3-Year Impacts of Housing and Services Interventions for Homeless Families*. US Department of Housing and Urban Development, Office of Policy Development and Research, Oct. 2016, <https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudySummaryReport.pdf>.

Other Research

Other research finds that housing voucher programs lower rent burdens and stabilize and improve housing conditions. The HUD Welfare-to-Work experiment, which randomly assigned households to receive housing choice vouchers in the early 2000s, found that households with vouchers spent less on rent and utilities and more on food than a control group. In addition to lowering rent burdens,³⁷ vouchers have been shown to shield low-income households in metropolitan areas from rising rent (at least in part), and to help them to end up in lower-poverty neighborhoods even as rents increase. The evidence also suggests that vouchers may have a role in stabilizing low-income households in neighborhoods as they gentrify.³⁸ That research also found that households with vouchers experienced a 36 percentage point decline in probability of experiencing homelessness (dropping from 45 to 9 percentage points), and that households with a voucher secured larger units and experienced less overcrowding.³⁹ Research also suggests a relationship between receiving a voucher and better unit quality.⁴⁰

Evidence also shows that vouchers create broad benefits for children. Although the evidence is somewhat mixed on the impact of vouchers on children's educational outcomes in the short term, in the long-term, children in households with vouchers have been shown to have increased earnings in their 20s and lower incarceration rates.⁴¹ The Moving to Opportunity (MTO demonstration) found a 15 percent increase in the income people that received vouchers as young children earned in their mid-twenties, and the benefit rose to a 31 percent increase for people who were young children in families that were required to use their vouchers in neighborhoods with low levels of poverty.⁴²

Evidence on the relationship between housing choice vouchers and employment is more complex. Theoretically, limiting rent to a certain share of income could lower incentives to work (because 30% of new, marginal income goes towards rent), although a reduced rent

37. Jacob, Brian A., and Jens Ludwig. "The Effects of Housing Assistance on Labor Supply: Evidence from a Voucher Lottery." *American Economic Review*, vol. 102, no.1, 2012, pp. 272-304. <https://doi.org/10.3386/w14570>.

38. Ellen, Ingrid Gould, and Gerard Torrats-Espinosa. "Do Vouchers Protect Low-Income Households from Rising Rents?" *Eastern Economic Journal*, vol. 46, no. 2, 2020, pp.260-281.

39. Mills, Gregory, et al. *Effects Of Housing Vouchers on Welfare Families*. US Department of Housing and Urban Development, Sept. 2006, https://www.huduser.gov/publications/pdf/hsgvouchers_1_2011.pdf.

40. Colburn, Gregg. "The Effect of Market Conditions on the Housing Outcomes of Subsidized Households: The Case of the US Voucher Programme." *Housing Studies*, vol. 34, no.9, 2019, pp. 1465-1484. <https://doi.org/10.1080/02673037.2019.1581145>.

41. Ellen, Ingrid Gould. "What Do We Know About Housing Choice Vouchers?" *New York University Furman Center*, July 2018, https://www.furmancenter.org/files/fact-sheets/HousingChoiceVouchers_ige.pdf.

42. Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *American Economic Review*, vol. 106, no. 4, 2016, pp. 855-902.

burden could also open more space to focus on finding work or gaining new skills. While research has linked vouchers to a decline in employment in the short term, the longer-term impacts are mixed.⁴³

One of the original policy goals of the Section 8 voucher program was to help low-income families live in neighborhoods with better access to economic opportunity and well-performing schools. However, the literature shows mixed results in terms of the ability of vouchers to deliver on that promise. On the one hand, compared to residents in public housing⁴⁴ and the average low-income household, voucher holders live in slightly higher-income neighborhoods.⁴⁵ Still, voucher households tend to live in neighborhoods with high poverty rates, higher than those of Low Income Housing Tax Credit developments.⁴⁶ The literature on the impact of vouchers on the quality of the schools to which voucher holders have access is similarly mixed. While voucher households with children entering school that live in more relaxed housing markets are particularly likely to move to neighborhoods with better-performing schools,⁴⁷ the schools near voucher families perform worse compared to those near other low-income households.⁴⁸

Voucher households may be stymied in their attempt to move to resource-rich neighborhoods in part due to a lack of information and higher search costs,⁴⁹ as well as a lack of available housing units that rent for under the allowed threshold in those more expensive neighborhoods.⁵⁰ In addition, voucher holders may face source of income discrimination

43. Ellen, Ingrid Gould. "What Do We Know About Housing Choice Vouchers?" *New York University Furman Center*, July 2018, https://www.furmancenter.org/files/fact-sheets/HousingChoiceVouchers_ige.pdf.

44. Hartung, John M., and Jeffrey R. Henig. "Housing Vouchers and Certificates as a Vehicle for Deconcentrating the Poor: Evidence from the Washington, DC, Metropolitan Area." *Urban Affairs Review* vol. 32, no. 3, 1997, pp. 403-419; Kingsley, G. Thomas, Jennifer Johnson, and Kathryn LS Pettit. "Patterns of Section 8 Relocation in the HOPE VI Program." *Journal of Urban Affairs* vol. 25, no. 4, 2003, pp. 427-447; Pendall, Rolf. "Why Voucher and Certificate Users Live in Distressed Neighborhoods." *Housing Policy Debate*, vol. 11, no. 4, 2000, pp. 881-910; Devine, Deborah J., et al. "Housing Choice Voucher Location Patterns: Implications for Participants and Neighborhood Welfare." *Washington, DC: US Department of Housing and Urban Development*, 2003.

45. Pendall, Rolf. "Why Voucher and Certificate Users Live in Distressed Neighborhoods." *Housing Policy Debate*, vol. 11, no. 4, 2000, pp. 881-910.; Wood, Michelle, et al. "Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation." *Housing Policy Debate*, vol. 19, no. 2, 2008, pp. 367-412, <https://doi.org/10.1080/10511482.2008.9521639>; Galvez, Martha. Defining "Choice" in the Housing Choice Voucher Program. *New York University*, 2011.

46. McClure, Kirk. "The Low-Income Housing Tax Credit Program Goes Mainstream and Moves to the Suburbs." *Housing Policy Debate*, vol. 17, no. 3, 2006, pp. 419-446, <https://doi.org/10.1080/10511482.2006.9521576>.

47. Ellen, Ingrid Gould, et al. "Why Don't Housing Choice Voucher Recipients Live near Better Schools? Insights from Big Data." *Journal of Policy Analysis and Management*, vol. 35, no. 4, 2016, pp. 884-905, <https://doi.org/10.1002/pam.21929>.

48. Ellen, Ingrid Gould, et al. "Why Don't Housing Choice Voucher Recipients Live near Better Schools? Insights from Big Data." *Journal of Policy Analysis and Management*, vol. 35, no. 4, 2016, pp. 884-905, <https://doi.org/10.1002/pam.21929>.

49. Rosen, Eva. "Rigging the Rules of the Game: How Landlords Geographically Sort Low-Income Renters." *City & Community*, vol. 13, no. 4, 2014, pp. 310-340, <https://doi.org/10.1111/cico.12087>.

50. Collinson, Robert A. and Ganong, Peter "The Incidence of Housing Voucher

Generosity." Joint Center for Housing Studies of Harvard University, 2016.; Collinson, Robert, and Peter Ganong. "How Do Changes in Housing Voucher Design Affect Rent and Neighborhood Quality?" *SSRN Electronic Journal*, 2017, <https://www.furmancenter.org/files/collinsonGanong0502.pdf>.

in those expensive areas.⁵¹ Finally, a lack of social ties in resource-rich neighborhoods may discourage households from looking there, instead choosing to stay near friends and family.⁵²

Research has not found evidence of a link between an increase in voucher use and negative neighborhood effects, such as lowered home values.⁵³ It is more difficult to parse whether an increase in vouchers raises rent prices in a neighborhood; a 2015 study found sparse evidence of such an effect overall, although it found a very small increase in the price of housing that already rented at prices close to the FMR, with the greatest impact on rents in cities with inelastic housing supply.⁵⁴ However, vouchers may actually contribute to increasing housing supply—recent research supports a positive relationship between increasing the supply of vouchers and new housing construction.⁵⁵

Housing vouchers are just one tool policymakers can use to achieve housing affordability; other central tools include the construction and acquisition of affordable buildings. Research has found that vouchers are able to supply a housing unit of similar value at a lower cost than those production programs.⁵⁶ However, more recent research found that the difference in cost-effectiveness between voucher and production programs decreases for larger units.⁵⁷ In tight housing markets, increasing the supply of affordable units may be needed in tandem with vouchers and other programs to ensure that vouchers do not result in increased rents.⁵⁸

In addition, vouchers aimed at preventing eviction can have various beneficial impacts on households by enabling them to remain in their homes. Recent research found that an order of eviction causes increased chances of homelessness, as well as reduced access to credit, income, and consumption.⁵⁹ Evictions have also been linked to longer-term housing

51. *Locked Out: Barriers to Choice for Housing Voucher Holders*. Lawyers Committee for Better Housing, <https://www.lcbh.org/sites/default/files/resources/2002-lcbh-housing-voucher-barriers-report.pdf>.

52. Ellen, Ingrid Gould, et al. "Neighbors and Networks: The Role of Social Interactions on the Residential Choices of Housing Choice Voucher Holders." *Journal of Housing Economics*, vol. 43, 2019, pp. 56–71, <https://doi.org/10.1016/j.jhe.2018.09.005>.

53. Ellen, Ingrid Gould. "What Do We Know About Housing Choice Vouchers?" *New York University Furman Center*, July 2018, https://www.furmancenter.org/files/fact-sheets/HousingChoiceVouchers_ige.pdf.

54. Eriksen, Michael D., and Amanda Ross. "Housing Vouchers and the Price of Rental Housing." *American Economic Journal: Economic Policy*, vol. 7, no. 3, 2015, pp. 154–176, <https://doi.org/10.1257/pol.20130064>.

55. Kole, Kyle. "Housing Vouchers Reduce Residential Crowding." *Journal of Housing Economics*, vol. 55, 2022, p. 101822, <https://doi.org/10.1016/j.jhe.2021.101822>.

56. Olsen, Edgar O. "Housing Programs for Low-Income Households." *Means-Tested Transfer Programs in the United States*, edited by Robert A. Moffit, University of Chicago Press, Chicago, 2003, pp. 365–442; Mayo, Stephen K., et al. "Part 2—Costs and Efficiency." *Housing Allowances and Other Rental Assistance Programs—Comparison Based on the Housing Allowance Demand Experiment*, Abt Associates Inc., 1980.

57. DiPasquale, Denise, et al. "Comparing the Costs of Federal Housing Assistance Programs." *Economic Policy Review*, vol. 9, no. 2, 2003.

58. Eriksen, Michael D., and Amanda Ross. "Housing Vouchers and the Price of Rental Housing." *American Economic Journal: Economic Policy*, vol. 7, no. 3, 2015, pp. 154–176, <https://doi.org/10.1257/pol.20130064>.

59. Collinson, Robert, et al. "Eviction and Poverty in American Cities." *National Bureau of Economic Research*, no. 30382, Aug. 2022, <https://doi.org/10.3386/w30382>.

instability, and increased use of emergency rooms, although they were not found to have a statistically significant impact on employment and access to public assistance.⁶⁰

Conclusion

We estimate that the HAVP proposal introduced in the New York State legislature last year would cost almost \$1.1 billion over a five-year period, with the annual cost reaching about \$260 million in year five, and increasing thereafter depending on the amount that rents increase compared to changes in income across the state. Those are the direct costs, and do not take into account the savings that federal, state, and local governments would realize in the form of reduced spending on emergency shelter. Nor do they take into account the benefits the household receives from having more stable housing, or the benefits to society of increased housing stability.

The cost of a voucher program will depend, however, on which households are targeted, and where. Our model estimates that the average monthly cost to New York State per household of such a program would be, on average, \$1,514. That includes a range of costs on a per household basis, due in part to variations in housing costs in housing markets across New York State. It also reflects the fact that subsidizing the current rents of tenants at risk of homelessness is less costly than subsidizing the rents to secure new move-ins for residents who currently reside in shelters.

State policymakers may choose to limit the scale of the program by budgeting specific appropriations. We estimate that the proposed budget of \$250 million in the third year would serve 13,764 households across the state, which is more than a quarter of the approximately 46,600 households who were counted in shelters in 2022. Obviously, increasing (decreasing) the number of households served would increase (decrease) the costs of the program, unless other aspects of the program design change. Even if the number of households served under the program is held constant, however, voucher costs will still increase over time, assuming rents and FMRs continue to increase in the long-run. This in turn will mean that even as the first recipients of the voucher program leave the program (because they move out of the state or attain incomes that make them ineligible, for example), the program may not be able to add new households without additional appropriations.

60. Collinson, Rob and Davin Kristopher Reed. *The Effects of Evictions on Low-Income Households*. New York University Wagner School of Public Service, Dec. 2018, https://www.law.nyu.edu/sites/default/files/upload_documents/evictions_collinson_reed.pdf.

A review of the literature showcases the downstream fiscal and social benefits of a voucher program, including lowered shelter costs, but that literature does not allow us to quantify the benefits of a voucher program with the same specificity that we can estimate costs.

If policymakers choose to create a program like HAVP, they should ensure that they include funding to support voucher holders in leasing up, including in higher-cost neighborhoods. Those supports could include financial incentives to encourage landlords to participate (such as paying for the time they must hold the apartment empty while the necessary approvals are secured), as well as mobility counselors to help voucher holders find eligible apartments.⁶¹ Policymakers also should scrutinize housing costs to ensure rents paid for households with vouchers are no higher than the local market rate, to avoid risking inflating rents for non-voucher holders. Finally, policymakers should consider the symbiotic role of policy interventions to increase the supply of supportive, affordable, and market-rate housing to help with lease-up rates and rental costs.

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