

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

June 4, 2021

Memorandum

To: Members, Committee on Financial Services
From: FSC Majority Staff
Subject: June 9, 2021, Full Committee Hearing entitled, “Universal Vouchers: Ending Homelessness and Expanding Economic Opportunity in America”

The full Committee will hold a hearing entitled, “Universal Vouchers: Ending Homelessness and Expanding Economic Opportunity in America” on Wednesday, June 9, 2021 at 12 PM ET on the virtual meeting platform Cisco Webex. There will be one panel with the following witnesses:

- **Ann Oliva**, Senior Fellow, Center on Budget Policies and Priorities
- **Mary Cunningham**, Vice President, Metropolitan Housing and Communities Policy, Urban Institute
- **Benjamin Metcalf**, Managing Director, Turner Center for Housing Innovation, University of California, Berkeley
- **Chancela Al-Mansour**, Executive Director, Housing Rights Center
- **Howard Husock**, Adjunct Scholar, Domestic Policy, American Enterprise Institute

Background on Homelessness Prior to the COVID-19 Pandemic

Prior to the pandemic, homelessness was on the rise again in America. From 2007 to 2015, annual point-in-time (PIT) count of persons experiencing homelessness overseen by the Department of Housing and Urban Development (HUD) registered a 15% decrease, reaching a low of 549,528.¹ Declines in homelessness were especially dramatic among certain subpopulations—veterans experiencing homelessness dropped by 47% during this period.² Since 2016, however, homelessness overall has increased by 5.6%, with 580,466 persons experiencing homelessness on a single night in January 2020.³

Increases in homelessness among certain populations have been especially dramatic: For the first time since HUD began conducting the PIT count in 2005, unsheltered individuals experiencing homelessness outnumbered those who were sheltered,⁴ with the key driver being persons with chronic patterns of homelessness.⁵ Four consecutive years of increased unsheltered homelessness has cut across all geographies. Indeed, rural communities had the largest percentage of people experiencing homelessness in unsheltered locations (44%) in 2020 and experienced the greatest increase in unsheltered homelessness between 2019 and 2020 (8.3%), followed by major cities (39% in

¹ HUD Office of Community Planning, [The 2015 Annual Homeless Assessment Report \(AHAR\) to Congress](#), (Nov. 2015).

² Congressional Research Service, [Homelessness: Targeted Federal Programs](#), Table 1, (Oct. 2018).

³ HUD Office of Community Planning, [The 2020 Annual Homeless Assessment Report \(AHAR\) to Congress](#), (Jan. 2021).

⁴ *Id.*

⁵ *Id.*

unsheltered locations and a 7.5% increase in unsheltered homelessness between 2019 and 2020).⁶ Additionally, stark racial inequities in homelessness persist. Although White individuals make up 74% of the U.S. population, they constitute only 48% of people experiencing homelessness.⁷ By contrast, over 67% of people experiencing homelessness are Black, Indigenous, and Latinx, despite representing 12%, 1%, and 16% of the total U.S. population, respectively.⁸

The lack of affordable housing is the primary cause of homelessness and housing instability in the United States.⁹ In 2019, prior to the pandemic, 37.1 million households, nearly one-third of all the households in the U.S., spent over 30% of their incomes on housing, and nearly half of them (17.6 million) paid over 50% of their incomes on housing.¹⁰ Of this latter cohort of severely cost-burdened renter households, virtually all (99%) are low-income—defined by HUD as income up to 80% of local area median income—and three-quarters are extremely low income—defined by HUD to be up to the federal poverty line or 30% of local area median income whichever is higher.¹¹ Over 60% of these severely cost-burdened, low income renters are people of color.¹²

The overrepresentation of Black, Indigenous, and Latinx households among those experiencing severe rent burdens and homelessness is driven in part by the nation’s long history of racial discrimination and exclusion. For decades, federal housing policy was explicitly racially discriminatory.¹³ Although the Fair Housing Act (FHA) outlawed discrimination in housing in 1968, contemporary patterns of poverty, disinvestment, and residential segregation continue to mirror, and in some cases surpass, historical indicators of socioeconomic segregation and exclusion.¹⁴ Research examining racial discrimination in relation to homelessness has found that “socioeconomic disadvantage furthered by racial discrimination may be a more important precursor of homelessness for black and other ethnic minority persons; whereas serious mental illness and family problems are more likely to be precursors of homelessness for white individuals.”¹⁵ Indeed, another study found that Black men were more likely to experience lifetime homelessness due to lower incomes, and higher rates of incarceration and traumatic events.¹⁶ Formerly incarcerated people are almost 10 times more likely to be homeless than the general public¹⁷ and according to the U.S. Interagency Council on Homelessness, “of the 11 million people detained or incarcerated in jails every year, as many as 15 percent report having been homeless.”¹⁸

Impact of COVID-19 on Housing Instability and Homelessness

⁶ *Id.*

⁷ HUD, *The 2020 Annual Homeless Assessment Report (AHAR) to Congress*, (Jan. 2021).

⁸ *Id.*

⁹ National Low Income Housing Coalition, *The Primary Causes and Solutions to Homelessness*, (Feb. 4, 2020).

¹⁰ Harvard Joint Center on Housing Studies, *State of the Nation’s Housing 2020*, (2020).

¹¹ Center on Budget and Policy Priorities, *More Housing Vouchers: Most Important Step to Help More People Afford Stable Homes*, (April 14, 2021).

¹² *Id.*

¹³ See, e.g., Richard Rothstein, *The Color of Law: A Forgotten History of How the Government Discriminated* (2017).

¹⁴ Economic Innovation Group, *The Spaces Between Us: Report on Distressed Communities Index*, (2018); See also Sarah Crump and Alan Berube, *As prosperity rose in many metro areas, neighborhood divides widened*, Brookings, (March 30, 2021).

¹⁵ Marian Moser Jones, *Does Race Matter in Addressing Homelessness*, World Med Health Policy, Vol. 8, No. 2 (June 2016).

¹⁶ Taeho Greg Rhee and Robert Rosenheck, “*Why are black adults over-represented among individuals who have experienced lifetime homelessness?*” *Journal of Epidemiology and Public Health*. Vol. 75, Issue 2 (Feb. 2021).

¹⁷ Prison Policy Initiative, “*Nowhere to Go: Homelessness among formerly incarcerated people*,” (Aug. 2018).

¹⁸ U.S. Interagency Council on Homelessness, “*Reduce Criminal Justice Involvement*,” (Oct. 16, 2019).

The impact of the pandemic on homelessness nationwide is hard to quantify at the moment, given that HUD’s 2021 (PIT) count data are not yet available. However, other data show that both renters and homeowners are struggling with housing costs. The most recent U.S. Census Pulse Survey data estimates more than 7 million renters to be behind on rental repayments as of May 10 and nearly 20% of homeowners either somewhat or very likely to leave their home due to foreclosure in the next two months.¹⁹ Renters and homeowners of color and renters living with children were least likely to be current on their housing payments.²⁰ Rental arrears are estimated to be as high as \$53 billion.²¹

The Centers for Disease Control acted to forestall a tidal wave of evictions, issuing a temporary moratorium of residential evictions in September 2020, which has been extended through June 30, 2021.²² The federal foreclosure moratorium will sunset on June 30, 2021 unless it is extended.²³ In the meantime, Congress has provided a total of \$46.6 billion in emergency rental assistance—\$25 billion under the Consolidated Appropriations Act, 2021 (enacted on December 27, 2020), and \$21.55 billion under the American Rescue Plan Act of 2021 (enacted on March 11, 2021), as well as \$10 billion in direct homeowner assistance and \$5 billion in emergency housing vouchers (EHVs) targeted to persons experiencing homelessness through the American Rescue plan.

Housing Choice Vouchers: Proven Benefits and Current Limitations

Program Operation

The Housing Choice Voucher (HCV) program is the largest federal rental housing program, as measured by number of households served (2.28 million HCVs are currently in use) and budget authority (\$25.78 billion in FY2021). Just over 40% of HCV recipients are households with children, 29% are elderly, and 36% are non-elderly people with disabilities. HCVs are administered by state or local public housing agencies (PHAs), who receive the subsidy and an administrative fee from HUD.²⁴ PHAs must target a minimum of three-quarters of HCV assistance to families and individuals who are below 30% of local median income, and up to a quarter may serve households up to 50% of local median income. A PHA may also set local preferences for its waiting list, such as for families experiencing homelessness. Families seek housing in the private market with their HCVs, and their vouchers are portable anywhere in the country. Voucher holders are required to pay 30% of their income towards their rent and utilities or a minimum rent of \$50, whichever is higher. The HCV subsidizes the difference between tenant rent contributions and the contract rent for a unit—capped by the PHA based on a local “payment standard” which the PHA must set between 90-110% of the local fair market rent (as calculated by HUD) for a moderately priced apartment of that unit’s size.

While most HCVs are “tenant-based,” meaning that participating families can use them to rent any private apartment that meets program guidelines, state or local public housing agencies can attach some vouchers to a specific unit when a landlord contracts with them to rent the unit to program-

¹⁹ U.S. Census, [Week 29 Household Pulse Survey: April 28 – May 10](#), (May 19, 2021).

²⁰ Center on Budget and Policy Priorities, [Tracking the COVID-19 Recession’s Effects on Food, Housing, and Employment Hardships](#), (May 28, 2021).

²¹ Urban Institute, [Averting and Eviction Crisis](#), (Jan. 2021).; See also Susan F. Cherry et al, [Government and Private Household Debt Relief During COVID-19](#), National Bureau of Economic Research, (Jan. 2021).

²² CDC, [Temporary Halt In Residential Evictions to Prevent the Further Spread of COVID-19](#) (March 29, 2021). However, there are several legal challenges to the moratorium moving through various federal courts. On June 2, the U.S. Court of Appeals for the District of Columbia ruled against lifting a stay on a lower court’s ruling that would strike down the eviction moratorium.

²³ FHFA, [FHFA Extends COVID-19 Forbearance Period and Foreclosure and REO Eviction Moratoriums](#) (Feb. 25, 2021); See also HUD, [HUD Announces Extensions and Expansions of COVID-19 Homeowner Relief and Home Retention Measures](#) (Feb. 16, 2021).

²⁴ HUD, [Housing Choice Voucher Fact Sheet](#), (2021).

eligible families. These are referred to as a project-based vouchers (PBV).²⁵ Housing agencies can project-base up to 30% of their HCVs if a portion assist veterans or people experiencing homelessness, provide supportive housing, or target areas where the poverty rate is 20% or less.²⁶

Program Impacts

A recent study on the effectiveness of HCVs concluded that strong experimental evidence showed that they “reduce rent burdens and improve affordability” and “significantly reduce homelessness.”²⁷ In particular, HCVs used in permanent supportive housing provide a cost-effective, long-term intervention to enable persons with serious mental illness or substance addiction to live independently in the community rather than be confined to institutions.²⁸ Children in families experiencing homelessness who receive HCVs experience many other benefits, including changing schools less frequently, avoiding foster care placement, exhibiting fewer behavioral problems and more positive social behaviors,²⁹ and returns on investment in their development that their family could not have made absent a lower rent burden.³⁰ HUD’s rigorous, long term Moving to Opportunity (MTO) Demonstration program found adults in families who used HCVs to move from high-poverty to low-poverty neighborhoods experienced significant improvements in their mental health, as well as lower rates of diabetes and extreme obesity.³¹ Long-term, the young children in these families saw substantial boosts to college attendance and young adult earnings (30%).³²

Barriers to Access

The single greatest barrier to access to HCVs is limited availability compared to actual need. Only one in five households that are eligible for HCVs or equivalent federal rental assistance receive them.³³ PHAs in many cities have closed their waiting lists, and in other communities wait list times are measured in years rather than months—one study estimated that in 2012 (the last year near-comprehensive waiting list data was gathered) nearly 9.5 million households would be waiting for a voucher were lists not closed.³⁴ Further, the FHAct does not currently provide housing protections based on “source of income.” Unless a state or local fair housing law prohibits discrimination based on source of income, a housing provider may refuse to accept a HCV subsidy in payment for rent. In the absence of a federal protection, an increasing number of states and cities have enacted laws that prohibit landlords from refusing to rent to voucher holders solely because of their source of income.³⁵

²⁵ Center on Budget and Policy Priorities, [Policy Basics: Project-based Vouchers](#), (March 1, 2017).

²⁷ Ingrid Gould Ellen, [What do we know about housing choice vouchers?](#), Regional Science and Urban Economics, Vol. 80 (2020).

²⁸ See, e.g. Robert Rosenheck et al., [Cost-effectiveness of Supported Housing for Homeless Persons With Mental Illness](#), Archives of General Psychiatry, (Sep., 2003); see also Maria J. O’Connell, Wesley Kaspro, and Robert A. Rosenheck, [Rates and risk factors for homelessness after successful housing in a sample of formerly homeless veterans](#), Psychiatric Services, Vol. 59, No. 3 (March 2008).

²⁹ Daniel Gubits et al., [Family Options Study: 3-Year Impacts of Housing and Services Interventions for Homeless Families](#) (Oct. 2016).

³⁰ Sandra J. Newman and C. Scott Holupka, [Housing affordability and investments in children](#), Journal of Housing Economics, (June 2014).

³¹ Lisa Sanbonmatsu et al., [Moving to Opportunity for Fair Housing Demonstration Program - Final Impacts Evaluation](#) (Nov. 2011).

³² Raj Chetty, Nathaniel Hendren, and Lawrence Katz, [The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment](#), American Economic Review (April 2016).

³³ Urban Institute, [The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes](#) (Jan. 2018).

³⁴ Public and Affordable Housing Research Corporation, [Housing Agency Waiting Lists and the Demand for Housing Assistance](#) (2017). (Noting also that data from 2013 indicated an average wait time of 23 months for new HCV holders).

³⁵ Poverty & Race Research Action Council, [Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program Appendix B: State, Local, and Federal Laws Barring Source-of-Income Discrimination](#) (Apr. 2021). (Highlighting federally funded housing programs such as the Low-Income Housing Tax Credit, HUD’s HOME block grant, and the National Housing Trust Fund that prohibit discrimination against HCV holders).

However, only about 1 in 3 families in the program are covered by these local protections, which vary widely in strength, impact, and enforcement.³⁶

Universal Vouchers

Unlike other federal safety net programs, HCVs are not an entitlement, meaning that not everyone who qualifies for a voucher receives one. However, a growing housing affordability gap for low-income households, coupled with two deep and fast-breaking recessions since the turn of the century, have led to increasing calls to make HCVs an entitlement, like Medicaid or the Supplemental Nutrition Assistance Program (SNAP).³⁷ Making HCVs “universal” to everyone who meets income eligibility requirements would both enable the nation to make progress in ending homelessness, reducing poverty, and closing the affordability gap that cuts across varying housing markets,³⁸ and provide a rapid-response “automatic stabilizer” for low-income families that suffer abrupt losses of income in recessions.³⁹

The Urban Institute estimates an additional 8.2 million households would receive assistance through an entitlement universal voucher program and projects that such an effort would cost approximately an additional \$62 billion per year.⁴⁰ Research has consistently demonstrated the cost effectiveness of investments in supportive housing for the chronically homeless⁴¹ and permanent housing subsidies for homeless families.⁴² An Urban Institute analysis highlights the dramatic impact reducing economic and racial housing segregation could have on black families’ earnings and educational attainment of both black and white households.⁴³ Finally, a study conducted by Columbia University showed that a universal voucher program would lift 9 million people out of poverty, reduce child poverty by 36%, and decrease racial disparities in poverty rates among White and Black households.⁴⁴

³⁶ Center on Budget and Policy Priorities, [Prohibiting Discrimination Against Renters Using Housing Vouchers Improves Results](#) (Dec. 2018).

³⁷ Urban Institute, [It’s Time to Reinforce the Housing Safety Net by Adopting Universal Vouchers for Low-Income Renters](#) (April 2020); see also, Turner Center for Housing Innovation, [Building a Better Ladder of Housing Opportunity in the United States A Framework for a Holistic, Equitable, and Sustainable Approach to Federal Housing Policy](#) (Feb. 2021) (“To ensure that vulnerable and at-risk populations receive access to critical housing assistance, make housing assistance “universal” for extremely and very low-income households who need it. This assistance could take the form or make use of an expanded and modernized housing voucher.”); Desmond, Matthew, *Evicted: Poverty and Profit in the American City* (2016).

³⁸ Center on Budget and Policy Priorities, [Solving Urgent Housing Problems Requires Pairing Investments in Housing Stock With Expansion of Housing Vouchers](#) (March 2021) (“In most communities outside of coastal cities, housing supply is adequate—but rents are still out of reach for most people with extremely low incomes.”).

³⁹ Urban Institute, *supra* note 37.

⁴⁰ *Id.*

⁴¹ Rand Corporation, [Evaluation of Housing for Health Permanent Supportive Housing Program](#) (2017) (finding 20 percent public service utilization cost reduction -- net of housing intervention costs--among chronically homeless persons served).

⁴² HUD Family Options Study, [Long Term Outcomes](#) (2016) (cost of subsidy to permanent housing cohort studied--\$1,172—was less than one-quarter of emergency shelter intervention--\$4,819).

⁴³ Urban Institute, [The Cost of Segregation: National Trends and the Case of Chicago, 1990–2010](#). (2017)

⁴⁴ Sophie Collyer et al., Center on Poverty and Social Policy at Columbia University, [Housing Vouchers and Tax Credits](#), Poverty & Social Policy Brief, Vol 4, No. 9 (Oct. 7, 2020).

Appendix: Legislation

- **H.R. _____, the “Ending Homelessness Act of 2021,” (Waters)** is a discussion draft to establish a universal voucher program, ban housing discrimination based on source of income and veteran status, and provide supplemental emergency funding to address the homelessness crisis in the United States.
- **H.R. _____, the “Stable Families Act” (Torres)** is a discussion draft to authorize a new program to provide short-term financial assistance to extremely low-income families at risk of eviction.
- **H.R. _____, the “Public Housing Procurement Improvement Act” (Torres)** is a discussion draft to reform certain procurement processes for PHAs.
- **H.R. _____, the “Homeless Assistance Act of 2021” (Sherman)** is a discussion draft to authorize PHAs to disclose certain information to homeless service provider agencies to facilitate providing housing and services for people experiencing homelessness.