
The potential poverty-concentrating effect of increasing the project-based voucher cap

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This policy brief addresses recent proposals to increase the percentage of Housing Choice Vouchers (HCVs) that can be “project-based” (attached to specific properties). Our concern, based on the most recently available HUD data,¹ is that project-based vouchers have a tendency to be significantly more concentrated in high poverty neighborhoods than standard tenant-based vouchers. This pattern is most pronounced in metropolitan areas with a significant percentage of high poverty neighborhoods and in highly segregated metropolitan areas. A policy shift that increases concentration in the voucher program can have negative consequences for residents,² and is also contrary to the principles of the HCV program.³ While we recognize that some of this concentration is related to the beneficial use of project-based vouchers in public housing redevelopment projects through the Rental Assistance Demonstration, further increasing the reassignment of vouchers to specific locations undermines the program’s core goal of housing choice. Existing policy allowing increased project-basing may have also contributed to the significant decrease in the percentage of families with children in the voucher program, and raising the percentage of project-based vouchers further may exacerbate an already steep decline.⁴

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- 1 Center on Budget and Policy Priorities analysis of 2020 HUD administrative data and 2017-2021 American Community Survey data, included in summary form in Erik Gartland, Alicia Mazzara, Will Fischer and Nick Kasprak, “Where Households Using Federal Rental Assistance Live: More Can Be Done to Promote Neighborhood Choice” (Center on Budget and Policy Priorities, March 2025), <https://www.cbpp.org/research/housing/where-households-using-federal-rental-assistance-live>
 - 2 See Margery Austin Turner and Ruth Gourevitch, “How Neighborhoods Affect the Social and Economic Mobility of Their Residents” (U.S. Partnership on Mobility from Poverty, August 2017), https://www.urban.org/sites/default/files/publication/92956/how-neighborhoods-affect-the-social-and-economic-mobility-of-their-residents_0.pdf
 - 3 The HCV program originated in the Housing and Community Development Act of 1974, with a general statement of purpose that cited concern over the “concentration of persons of lower income in central cities,” and goals of “the reduction of the isolation of income groups within communities and geographical areas,” and “the spatial deconcentration of housing opportunities for persons of lower income.” 42 USC § 5301.
 - 4 Alicia Mazzara, Barbara Sard, and Douglas Rice, “Rental Assistance for Families with Children at Lowest Point in Decade” (Center on Budget & Policy Priorities, 2016), <https://www.cbpp.org/research/housing/rental-assistance-to-families-with-children-at-lowest-point-in-decade>.

The current “cap” on project-based vouchers, proposals to raise the cap, and exceptions to the cap

Prior to 2017, PHAs were not permitted to project-base more than 20% of their allotted Housing Choice Vouchers, unless they participated in the Moving to Work Demonstration. In the 2016 Housing Opportunity Through Modernization Act (HOTMA), the maximum percentage was increased to 30%, provided certain criteria were met.⁵

A 2024 Center on Budget and Policy Priorities analysis found that out of over 2000 PHAs administering vouchers, only about 30 PHAs subject to the cap⁶ had project-based more than 25% of their Housing Choice Vouchers. While this data does not include project-based vouchers that have been committed to future projects, it does suggest that the cap is not a widespread concern for the vast majority of PHAs.

More importantly, PHAs have numerous other means of adding project-based vouchers outside the PBV cap. For example, project-based vouchers allocated through the Rental Assistance Demonstration and through the VASH program are exempt from the cap. Also, PBVs allocated to assist in preserving or refinancing a federally subsidized property are also not counted toward the cap, and Moving to Work (MTW) agencies are largely exempt from the cap.⁷ These exceptions to the PBV cap further undermine the case for expanding the cap — very few PHAs are approaching the cap limits, and those few that are close have multiple means of allocating PBVs outside the cap — as illustrated by the significant number of PHAs that have already exceeded the cap through other means (see below).

In spite of these basic facts, there is still pressure to lift the cap on project-based vouchers from key industry groups. Not only is this unnecessary, but as we will discuss below, lifting the cap will likely lead to even greater poverty concentration in the voucher program, and could cut even more families with children from the program.

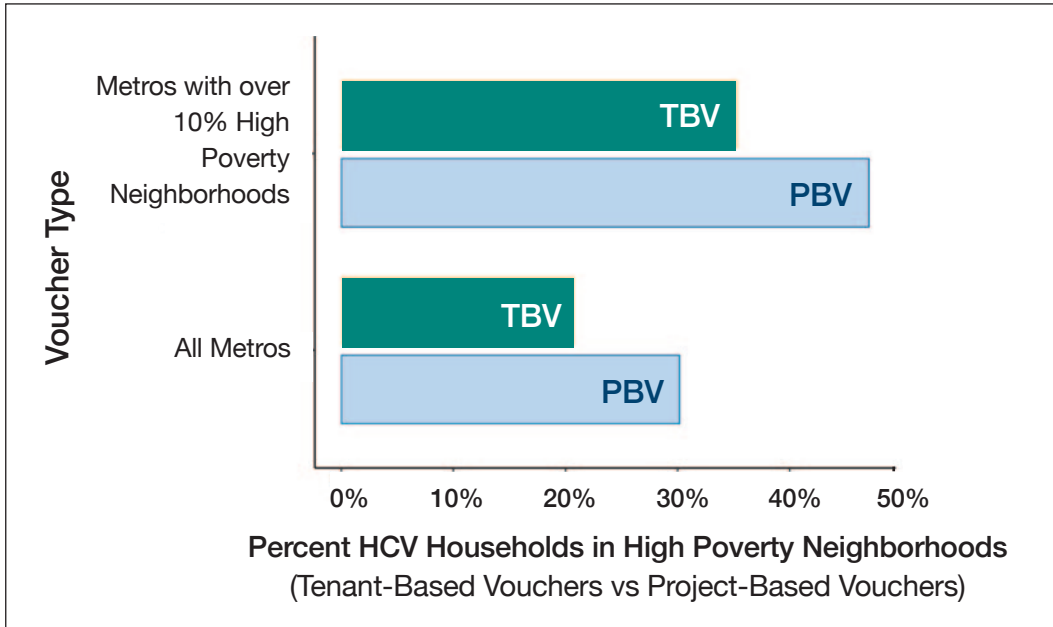
Project-based vouchers are more likely to be located in high poverty neighborhoods than regular tenant-based Housing Choice Vouchers

In the 100 largest metropolitan areas, project-based vouchers are significantly more concentrated in high poverty neighborhoods (census tracts with greater than 30% poverty concentration) than tenant-based vouchers: 30% of project-based vouchers are located in high-poverty neighborhoods, compared to 21% of tenant-based vouchers. In the 37 higher poverty metro areas (with at least 10% high poverty census tracts), the proportion of project-based vouchers in high poverty neighborhoods was substantially higher.

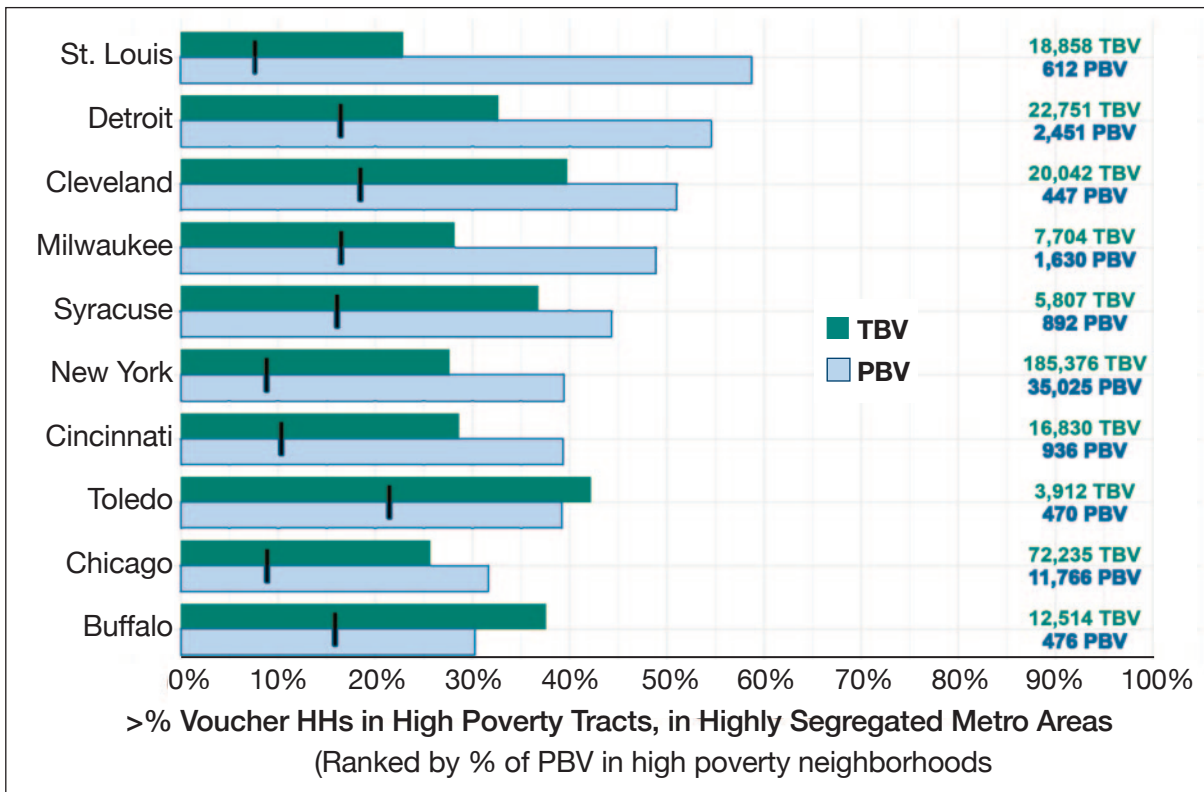
5 For a detailed discussion of the evolution of the project-based voucher program, with accompanying citations, see Barbara Sard, “Project-Based Vouchers: Lessons from the Past to Guide Future Policy” (Center on Budget and Policy Priorities, July 2024), <https://www.cbpp.org/research/housing/project-based-vouchers-lessons-from-the-past-to-guide-future-policy>

6 Id.

7 Id. The “original” 39 MTW agencies are exempt from the cap, and the newer cohort of 100 MTW agencies may elect to project-base up to 50% of their HCVs.

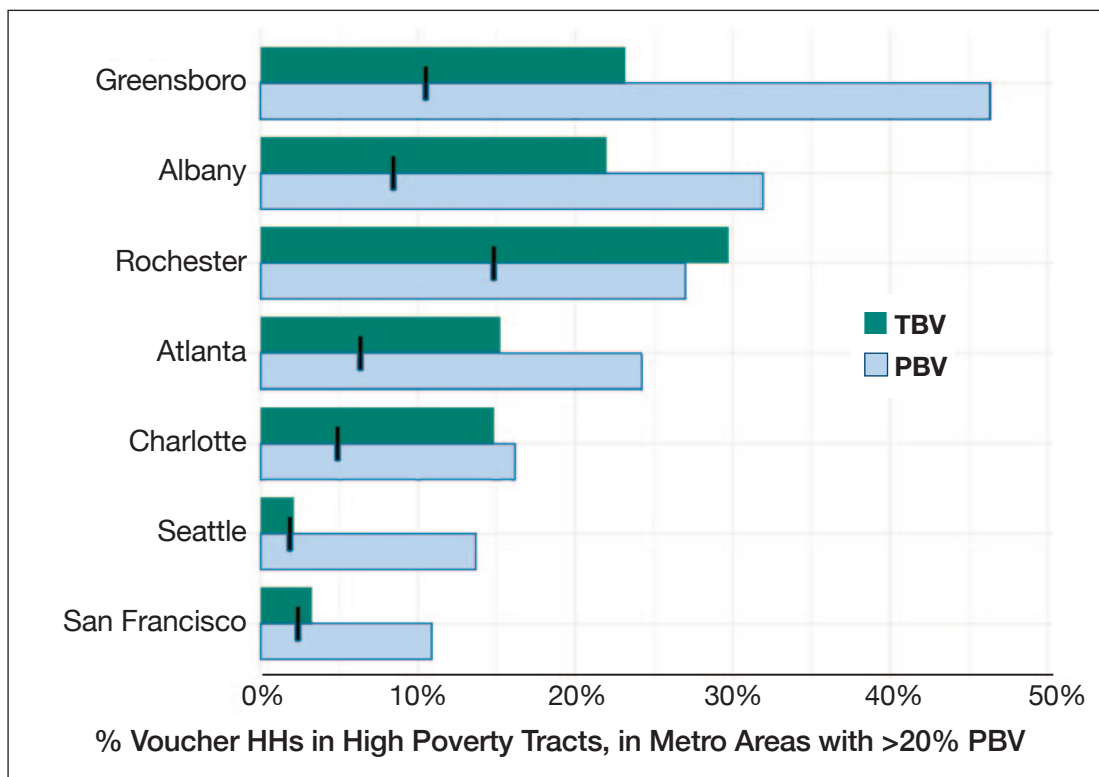


Highly racially segregated metropolitan areas⁸ have particularly sharp differences in poverty concentration for PBV vs TBV vouchers, in almost all cases. In the following chart, we list the 10 most segregated metro areas, ranked by their percentage of project-based vouchers (the black bar marks the percentage of high poverty census tracts in the metro area):



⁸ We have defined this group using a black-white dissimilarity index for metro areas where at least 5% of the population is Black.

Metro areas with a high percentage (greater than 20%) of project-based vouchers also exhibit significant concentration of project-based vouchers⁹ (with some exceptions). Again, the black bar marks the percentage of high poverty census tracts in the metro area:



Looking at individual PHAs

Of the 201 larger PHAs for which comparison data was available,¹⁰ we found patterns similar to the metropolitan area data.

128 PHAs had a substantial proportion (more than 10%) of total housing choice voucher holders living in high-poverty neighborhoods. Of these, 104 PHAs (81%) exhibit greater concentrations of PBVs than TBVs in these high-poverty neighborhoods. Among these PHAs, on average, the rate of PBV concentration in high-poverty neighborhoods is 17 percentage points higher than TBV concentration. But concentration of PBVs in high-poverty neighborhoods is not inevitable: 24 PHAs in our sample (19% of the total) have resisted this trend and place PBVs *less* frequently in high-poverty neighborhoods (see Appendix B). Perhaps more importantly, 25 PHAs (20%) displayed higher rates of PBVs located in *low* poverty neighborhoods than their families using traditional tenant-based vouchers.

⁹ Note that some of the most concentrated metro areas are dominated by a central city PHA with an area of operation limited to the city boundary.

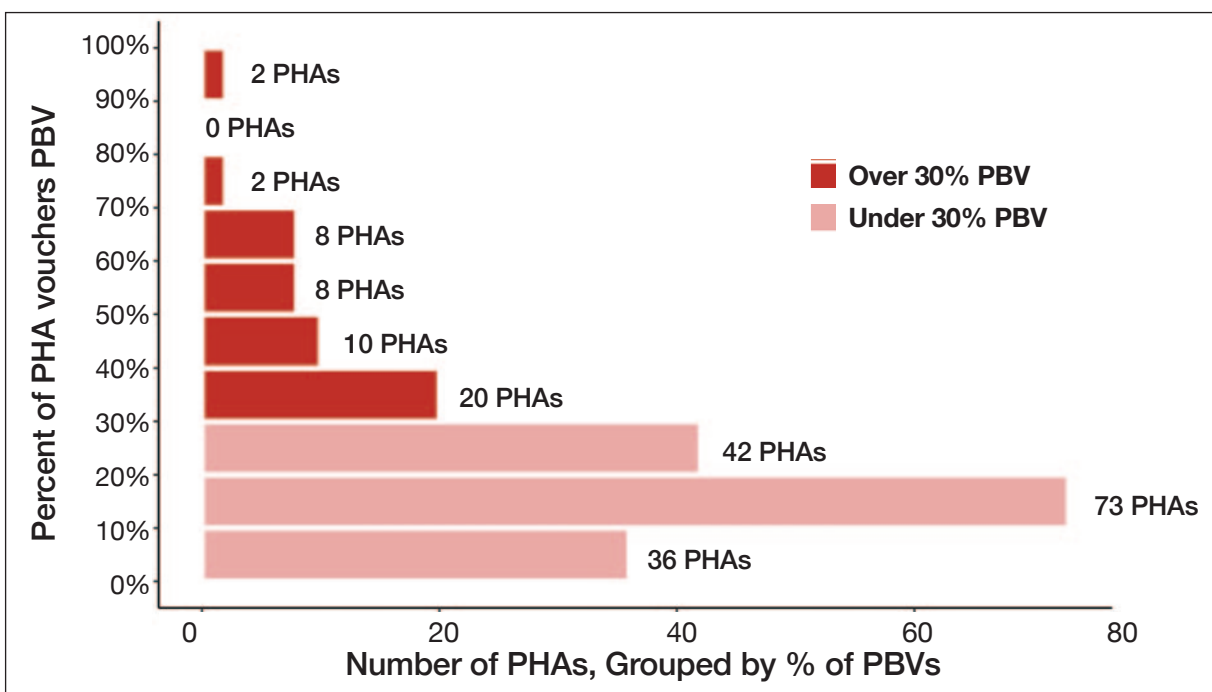
¹⁰ Our analysis of individual PHAs was limited by statistical guardrails related to federal privacy rules, so we were only able to compare tenant-based vouchers vs project-based vouchers for PHAs with at least 250 project-based vouchers.

These data are encouraging and suggest that the current policy of allowing a 10% increase in project-based vouchers, if those PBVs are located in areas where vouchers are “difficult to use,”¹¹ is a policy worth keeping and strengthening, to encourage more PHAs to project-base outside the usual “voucher” neighborhoods.

For most Moving to Work (MTW) PHAs, the overall concentration pattern is similar, especially for the original 39 MTW agencies. Collectively, these 39 PHAs are project-basing their HCVs at a higher rate (22%) than other PHAs (15%), and they are generally placing PBVs in higher poverty neighborhoods (an average 26% of PBVs in high poverty neighborhoods, vs 22% of TBVs). This general pattern of concentration is contrary to one of the three goals of the original MTW authorizing legislation, “increase housing choices for low-income families.”¹² However, as noted above, it is likely that this trend is related to the use of PBVs to assist in public housing redevelopment, particularly through the RAD program – and in most metro areas, older public housing is located in higher poverty neighborhoods. It is also important to note that there are significant exceptions among the original MTW agencies, and 11 out of the 39 original MTW PHAs placed project-based vouchers in a lower share of high poverty neighborhoods than in their regular voucher program.

PHAs with particularly high numbers of project-based vouchers

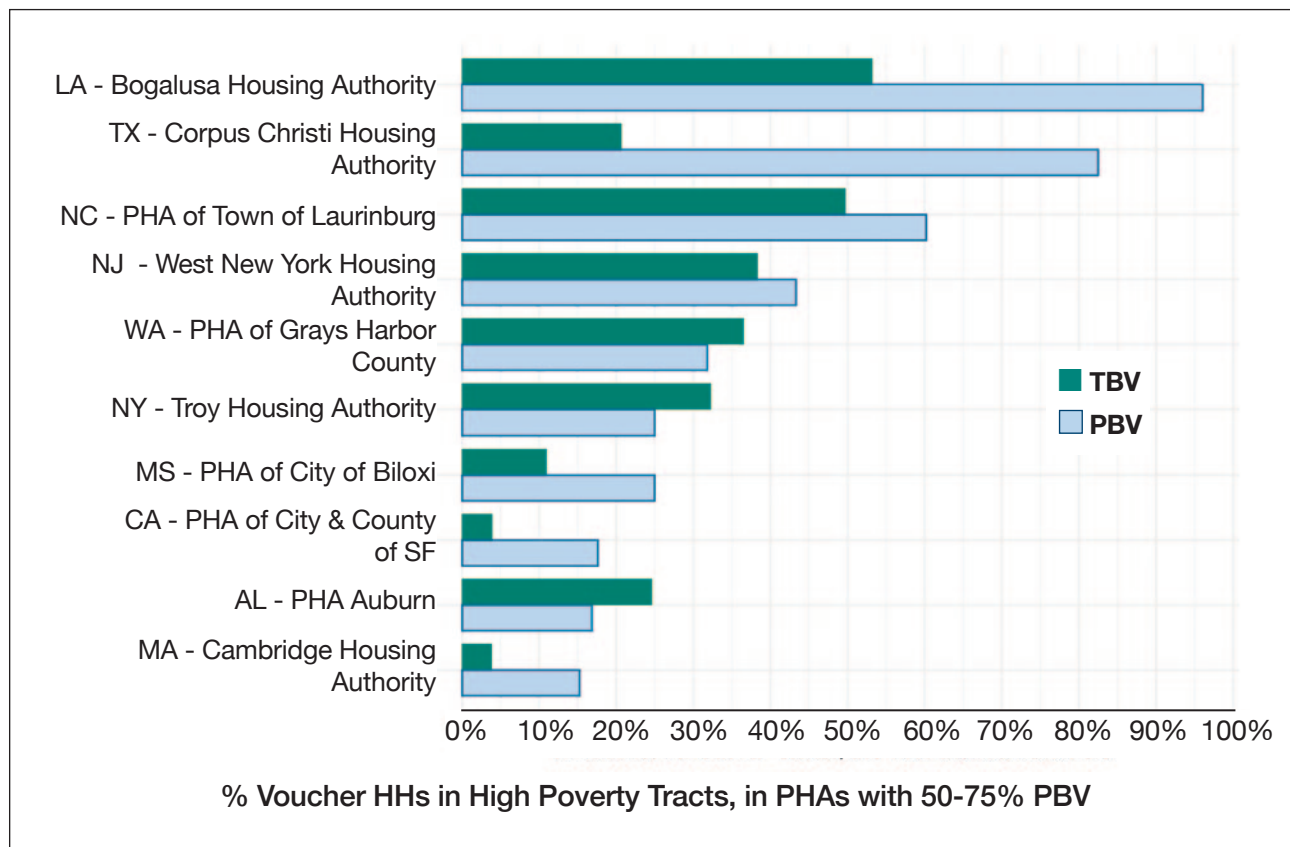
Finally, if we count all the PBVs being used by these 201 PHAs — not just the PBVs subject to the 20-30% cap, we find 50 PHAs that have over 30% of all their Housing Choice Vouchers committed to PBVs, with 30 PHAs at over 40%:



11 24 C.F.R. § 983.3.

12 See “Increasing Housing Choices: How Can the MTW Program Evolve to Achieve its Statutory Mandate?” (PRRAC, March 2013), <http://www.prrac.org/pdf/MTW-HousingOpportunity.pdf>.

Most but not all of the PHAs with the highest proportions of PBVs¹³ are locating them disproportionately in high poverty neighborhoods (see also Appendix A):



Increasing the percentage of project-based vouchers may exacerbate the decline in participation of families with children in the voucher program

The proportion of families with children in the Housing Choice Voucher program has declined dramatically, by one estimate, dropping from 61% in 2002 to 38% in 2022.¹⁴ This decline is troubling, especially because of the particular need for stable housing for very low income children. Research has documented the harmful educational and mental health impacts of housing insecurity for children, especially in education.¹⁵ Conversely, lifetime emotional and

13 We have excluded 2 PHAs with the highest proportion of PBVs, because there are an insufficient number of TBVs to permit a comparison

14 Andrew Greenlee and Kirk McClure, "Participation, Transition, and Length of Stay in Federal Housing Assistance Programs," *Cityscape* (Summer 2024), <https://www.huduser.gov/portal/periodicals/cityscape/vol26num2/ch2.pdf>.

15 Will Fischer, "Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children" (Center on Budget and Policy Priorities, 2015), <https://www.cbpp.org/research/research-shows-housing-vouchers-reduce-hardship-and-provide-platform-for-long-term-gains>; Brendan Chen, "How Housing Instability Affects Educational Outcomes" (Urban Institute, 2024), <https://housingmatters.urban.org/articles/how-housing-instability-affects-educational-outcomes>

academic benefits accrue for young children in families with a stable housing voucher¹⁶ (and even more so, a stable housing voucher in a low poverty neighborhood¹⁷).

Although there are multiple factors that have led to this decline, project-basing of vouchers appears to be a contributing cause. Previous studies have noted the relation between the increase in the percentage of project-based vouchers with the drop in assistance to families with children,¹⁸ and our data confirms this trend.

Conclusion

HUD has made slow but steady progress over the past decade in moving the Housing Choice Voucher program closer to its original goals of expanding choice and opportunity. Lifting the current cap on project-based vouchers would likely decrease choice and increase poverty concentration in the program, while at the same time continuing to drive the decline in the proportion of participating families with children.

16 Id.

17 Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. 2016. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment," *American Economic Review* 106 (4): 855–902.

18 Mazzara, Sard, and Rice, *supra* note 4; Sard, *supra* note 5 at 16 (noting that 42% of tenant-based HCV households include children, compared with 29% of project-based vouchers, based on 2020 HUD administrative data)

A note on our data sources and limitations

The data in this report is taken from a Center on Budget and Policy Priorities analysis of 2020 HUD administrative data and 2017-2021 American Community Survey data, as appended to their recent paper, “Where Households Using Federal Rental Assistance Live: More Can Be Done to Promote Neighborhood Choice” (Center on Budget and Policy Priorities, March 2025), and includes information on most PHAs in the 100 largest metropolitan areas in the U.S., as well as larger PHAs outside those areas. “N/A” in the tables indicates suppressed data; dashes indicate zero values. Because PRRAC does not have access to any individual records by PHA or metro area, we were limited to the summary data in the tables, and to protect the release of any personally identifiable information, we were only able to compare TBV vs PBV rates in PHAs with at least 250 PBVs. Thus, out of 1,162 PHAs with HCVs across the country, only 201 PHAs had a sufficient number of PBVs to permit a comparison. Fortunately, these are the PHAs that we are most focused on — those that are taking advantage of the PBV option. Finally, because we needed to define specific levels of poverty concentration to permit analysis, we selected standard definitions of high poverty neighborhoods (>30% census tract poverty rate by population) and low poverty neighborhoods (<10% census tract poverty rate by population). These cutoffs also track much of the extant research on neighborhood effects and MTO research by Chetty and others.

About the authors and acknowledgments

Philip Tegeler is the executive director of the Poverty & Race Research Action Council (PRRAC) and has written frequently on Housing Choice Voucher policy. **Nineveh O’Connell** is a housing and transportation planner and a recent graduate of the MIT Masters in City Planning program. The authors appreciate the assistance of Alicia Mazzara and Erik Gartland in supporting our data requests, and for helpful guidance and comments from Barbara Sard and Will Fischer.

Appendix A: Difference in neighborhood poverty rates for PBVs vs. TBVs in PHAs with > 30% PBVs (ranked by PBV/TBV Difference)

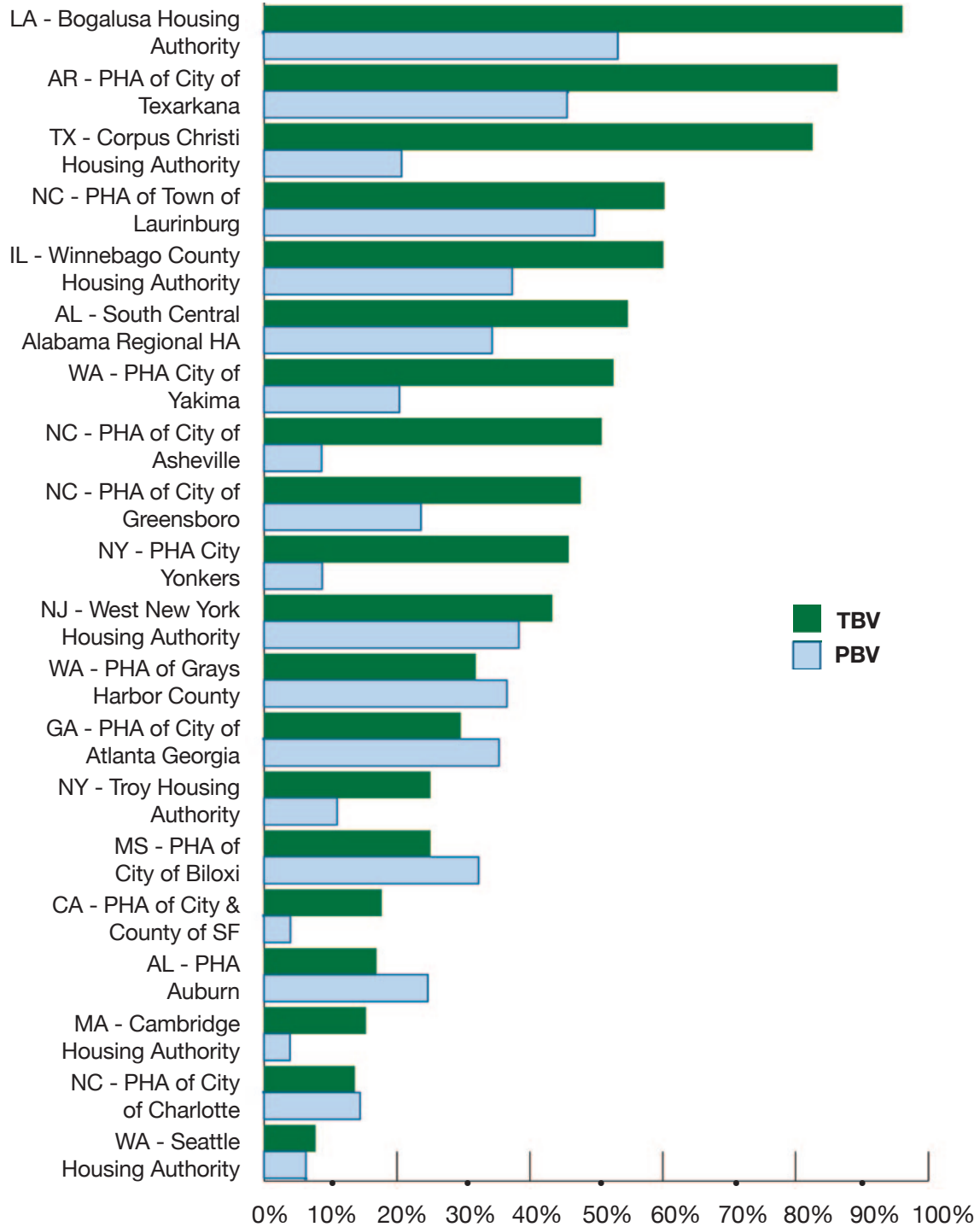
PHA Code	PHA Name	% PBV	% PBV in High Poverty Neighborhood	% TBV in High Poverty Neighborhood	Difference
MO007	MO - PHA of City of Columbia, MO	34	83	14	69
TX008	TX - Corpus Christi Housing Authority	57	83	21	62
WA005	WA - PHA City of Tacoma	37	60	5	55
LA903	LA - Louisiana Housing Authority	100	44	0	44
LA024	LA - Bogalusa Housing Authority	73	96	53	43
NC007	NC - PHA of City of Asheville	48	51	9	42
VA001	VA - Portsmouth Redevelopment & Housing Authority	36	56	15	42
AR015	AR - PHA of City of Texarkana	42	86	46	41
AL007	AL - PHA of City of Dothan	36	100	60	40
NY003	NY - PHA City Yonkers	43	46	9	37
TX014	TX - PHA of Texarkana	33	96	61	35
IN016	IN - PHA of City of Evansville	34	66	32	34
NJ010	NJ - PHA of City of Camden	34	97	63	34
WA042	WA - PHA City of Yakima	39	53	20	32
NC011	NC - PHA of City of Greensboro	37	48	24	24
IL083	IL - Winnebago County Housing Authority	41	60	37	23
NC039	NC - Lexington Housing Authority	36	32	10	23
CO016	CO - Boulder Housing Partners	34	38	16	22
AL192	AL - South Central Alabama Regional HA	38	55	34	20
IL006	IL - PHA of Champaign County	36	24	9	15
CA001	CA - PHA of City & County of SF	53	18	4	14
MS005	MS - PHA of City of Biloxi	64	25	11	14
GA004	GA - PHA of City of Columbus	33	44	33	12
MA003	MA - Cambridge Housing Authority	63	15	4	11
NC018	NC - PHA of Town of Laurinburg	59	60	50	10
NJ006	NJ - Perth Amboy Housing Authority	34	21	16	5

PHA Code	PHA Name	% PBV	% PBV in High Poverty Neighborhood	% TBV in High Poverty Neighborhood	Difference
NJ030	NJ - West New York Housing Authority	69	43	38	5
WA001	WA - Seattle Housing Authority	45	8	6	1
CA035	CA - PHA of City of San Buenaventura	40	0	0	0
NH010	NH - Keene Housing	47	0	0	0
NJ055	NJ - Englewood Housing Authority	43	0	0	0
NJ063	NJ - Vineland Housing Authority	59	0	0	0
NJ065	NJ - Brick Housing Authority	62	0	0	0
NJ070	NJ - Cliffside Park Housing Authority	51	0	0	0
NJ075	NJ - Edgewater Housing Authority	78	0	0	0
NJ083	NJ - Secaucus Housing Authority	57	0	0	0
NJ105	NJ - Madison Housing Authority	66	0	0	0
NC003	NC - PHA of City of Charlotte	42	14	14	-1
WA018	WA - PHA of Grays Harbor County	69	32	37	-5
GA006	GA - PHA of City of Atlanta Georgia	43	30	35	-6
NY012	NY - Troy Housing Authority	69	25	32	-7
AL050	AL - PHA Auburn	65	17	25	-8
CT004	CT - PHA of City of New Haven	33	24	39	-15
NJ033	NJ - Woodbridge Housing Authority	51	0	15	-15
LA023	LA - PHA of City of Alexandria	33	30	47	-17
AR031	AR - Hot Springs Housing Authority	34	0	19	-19
RI901	RI - Rhode Island Housing	36	3	21	-19
AL105	AL - PHA of City of Talladega, Al	94	100	NA	NA
IL090	IL - Aurora PHA of City of Aurora	50	NA	NA	NA
VA019	VA - Fairfax County Redevelopment & Housing Authority	34	0	NA	NA

Appendix B: PHAs where PBVs are less concentrated in high poverty neighborhoods than TBVs

PHA Code	PHA Name	% PBV	% PBV in High Poverty Neighborhood	% TBV in High Poverty Neighborhood	Difference
PA002	PA - Philadelphia Housing Authority	20	42	42	0
NC003	NC - PHA of City of Charlotte	42	14	14	-1
OH001	OH - Columbus Metropolitan Housing Authority	22	35	37	-1
MN002	MN - PHA in and for City of Minneapolis	25	36	38	-2
OH006	OH - Lucas Metropolitan Housing Authority	11	39	44	-5
SC057	SC - PHA of N Charleston	14	7	11	-5
WA018	WA - PHA of Grays Harbor County	69	32	37	-5
GA006	GA - PHA of City of Atlanta Georgia	43	30	35	-6
AR017	AR - PHA of City of Pine Bluff	28	44	51	-7
CA007	CA - County of Sacramento Housing Authority	10	4	11	-7
NY012	NY - Troy Housing Authority	69	25	32	-7
AL050	AL - PHA Auburn	65	17	25	-8
NY041	NY - Rochester Housing Authority	25	33	41	-8
FL003	FL - Tampa Housing Authority	22	27	38	-11
TN005	TN - Metropolitan Development & Housing Agency	7	12	23	-11
CT004	CT - PHA of City of New Haven	33	24	39	-15
LA023	LA - PHA of City of Alexandria	33	30	47	-17
AR031	AR - Hot Springs Housing Authority	34	0	19	-19
RI901	RI - Rhode Island Housing	36	3	21	-19
TN004	TN - Chattanooga Housing Authority	9	20	39	-20
HI002	HI - County of Hawaii	14	0	23	-23
NJ054	NJ - PHA of Township of Lakewood	26	0	24	-24
DE001	DE - Wilmington Housing Authority	16	8	34	-26
AR004	AR - PHA of City of Little Rock	22	0	29	-29

Appendix C: Top 20 PHAs by percent PBV (out of 201 PHAs with sufficient data)



% Voucher HHs in HP Tracts, in Top 20 PHAs by Percent PBV