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Study: Voucher program's success rate down

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As Colorado's housing crisis has deepened in recent years, families increasingly have turned to federal rental-assistance programs.

People spend years on wait lists or repeatedly enter lotteries, praying this will be their year to score a coveted Housing Choice, or Section 8, voucher. The longstanding program, funded by the U.S. Department of Housing and Urban Development and administered by local housing authorities, subsidizes rent in the private market for low-income families, elderly individuals, veterans and those with disabilities.

But even if you win the lottery and receive a voucher, it's a coin flip as to whether you'll be able to find a place to use it.

A study published this year by New York University's Furman Center for Real Estate and Urban Policy found just 57% of voucher recipients nationally have successfully used the rental assistance to lease a home — down from 65% in previous years. More than 70% of public housing agencies saw declines in success rates from 2020 to 2022, and more than half of those agencies saw drops of at least 10 percentage points, the authors found.

Colorado was no different.

In Grand Junction, for instance, more than 70% of people in 2018 successfully used their voucher to find housing through the program, according to data compiled by the NYU researchers. In 2022, that number dropped to 31.8%.

The Colorado Division of Housing saw its 55.5% success rate in 2018 dip to 34.4% in 2021 and tick back up to 46.2% in 2022. That means fewer than half of the people awarded vouchers through the state's housing arm that year found suitable homes or a landlord who would take their federal payments. (The Division of Housing, in an email, said its own internal numbers show the agency has averaged about 64% since 2018.)

In Denver, 67% of people in 2018 were able to use their vouchers. Four years later, that number stood at 62.6%. (Housing officials cited the COVID-19 pandemic as a significant factor in the decline of its success rate.)

The consequences for voucher holders are severe: People who cannot find a home within the allotted time must return their vouchers.

NYU's findings come as housing agencies in Colorado and around the country are issuing few new vouchers this year amid budget constraints and uncertain federal funding.

Experts say competitive housing markets, such as Colorado's, make it harder for those using rental assistance to find units in their price range. Plus, some landlords shy away from accepting the vouchers because of perceived bureaucratic hurdles, red tape and stereotypes about families who use the program.

Note

"When rents are increasing in the way they have been, a voucher just doesn't go as far," said Scott Aker, chief operating officer of the Grand Junction Housing Authority.

Wide range of outcomes in Colorado

NYU's data covered 15 of Colorado's more than 68 public housing authorities, ranging from major metropolitan areas to rural parts of the state.

The numbers showed a wide range of outcomes for those using the Housing Choice Voucher Program.

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In Pueblo, 56.4% of people in 2018 were able to use their vouchers. By 2021, that number dropped to 52.2%. In the Eastern Plains town of Lamar, 60% of voucher recipients in 2018 successfully found housing through the program. Four years later, that figure stood at 54.3%.

Several Colorado housing agencies, though, performed well above the national average.

In Fort Collins, 71.7% of people in 2018 used their vouchers to find housing. In 2022, the agency's success rate shot up to 83.8%. Jefferson County's housing authority stayed above 75% every year of the NYU study, topping out at 93.7% in 2022.

Nationally, housing authorities in rural counties had a far lower success rate (48%) than those in urban counties (59%), researchers found.

The report's authors noted that "lower success rates do not mean that housing agencies are not fully deploying federal resources." Housing authorities, including in Colorado, typically spend all of their voucher funds. Agencies issue more vouchers than they have funding for because they know not all will be redeemed.

"But low success rates may add to (public housing agencies') administrative costs and are a serious blow to the individual voucher recipients who have to return their vouchers to the housing agency after years of waiting for assistance," the NYU researchers wrote.

Lower success rates, the authors continued, should not necessarily be taken as an indicator of poor performance.

"Rather, metrics showing dampened success rates may be instructive for identifying broader issues such as a lack of available housing stock at current fair market rents or a lack of landlord participation."

The study also found that search times for voucher recipients have increased sharply over the years.

In 2018, the average voucher-holder needed slightly less than 60 days to find a place to lease successfully. By 2022, it took 78 days for families to find housing.

"The increase in search times may reflect both a tighter rental market and the policies of many (public housing agencies) to extend the amount of time that households are given to search as a market tightens," the report notes.

Median search times in Colorado varied wildly across jurisdictions.

Colorado Division of Housing voucher-holders in 2022 needed 83 days to find a place to lease. In Arvada, it took people 56 days. Those in Garfield County required only 31 days.

Can housing agency policies affect success rates?

Although experts agreed that external factors — such as high housing costs and a competitive rental market — are outside the control of public housing agencies, there are internal decisions that these departments can take to improve their results.

Housing Catalyst, the agency serving Fort Collins and northern Colorado, boasted some of the highest voucher program success rates in the state.

Leadership pointed to close relationships and financial incentives for landlords, thoughtful payment standards (the most the agency can pay toward someone's rent), effective staffing and strong partnerships with government entities and local nonprofits.

"As one of the largest property managers in northern Colorado, we are keenly aware of the trends and pressures on the rental market," Julie J. Brewen, Housing Catalyst's chief executive officer, said in an email.

Landlord incentives, higher subsidy rates and allowing longer search times are all ways public housing agencies can improve their success rates, said Deborah Thrope, deputy director of the National Housing Law Project, a nonprofit housing and legal advocacy center. All of these avenues, however, require adequate funding.

The Denver Housing Authority previously provided sign-on bonuses for landlords along with annual fairs. The agency also boasts a landlord portal where property owners can see all their Section 8 materials in one place.

But Michael D. Webb, a senior policy analyst with the Public Housing Authorities Directors Association, a nonprofit association representing public housing authority directors, said it's not the housing authorities' actions that make the biggest difference in success rates. It's the lack of affordable housing units.

Additionally, he said, "Housing authorities aren't funded to provide housing search services to folks with vouchers."

Instead, housing agencies partner with nonprofits to do this work.

The Colorado Division of Housing seconded Webb's view, saying lower success rates can be influenced heavily by landlord participation, current rent rates, demand and geography.

Aker, of the Grand Junction Housing Authority, cited the pandemic and its impact on the region's rental market. From 2017 to 2025, the average rental assistance in the area shot up to \$800 a month from \$500 — a 60% increase.

"Those declining success rates are certainly not a function of our program management," he said. "Sometimes demand and supply line up nicely. Sometimes it doesn't."

Landlords, under Colorado law, are not allowed to discriminate against families with housing vouchers.

HB20-1332, signed into law by Gov. Jared Polis in July 2020, establishes a tenant's source of income as a protected status — meaning landlords cannot use government assistance as a reason to deny someone's application.

But housing advocates told the Colorado Sun in 2023 that, despite the new law, landlords were illegally stating that they don't accept housing vouchers, refusing to count the value of the voucher when they're calculating a resident's income-to-rent ratio, and clustering voucher holders into certain buildings.

"Even if laws are on the books, they're not always enforced," said Tushar Gurjal, senior policy manager with the National Association of Housing and Redevelopment Officials, in an interview. "Enforcement is key, such that it means something when you break it."

Although landlords can't refuse vouchers legally, the Division of Housing noted that they can set rents above what the vouchers can cover, require high security deposits as a deterrent, require high income and thorough background checks, and claim that there were multiple applicants applying to live in the same unit.

A 2018 HUD study found landlords across the country often refuse to rent to voucher holders. In three of the five cities analyzed for the study, the landlord denial rate was 67% or higher. In the two cities with lower levels of landlord denial (less than 31%), source-of-income anti-discrimination laws required landlords to accept vouchers. In four of the five cities, landlord denial rates were substantially higher in low-poverty neighborhoods than in high-poverty neighborhoods.

Webb cited regulatory burdens and cumbersome inspection processes as reasons why some landlords oppose taking federal rental subsidies.

"If you have a tenant with a voucher and a tenant without a voucher, the one without the voucher is much less of a bureaucratic hassle," he said.

Families also must deal with the negative stereotypes associated with voucher holders, Thrope said, despite evidence showing these families do not treat their properties any worse than other renters.

The NYU researchers recommended that HUD release timely estimates of voucher success rates on an annual basis, which would provide housing agencies, Congress and researchers with "up-to-date information on perhaps the most important outcome for the housing choice voucher program."

It remains to be seen if HUD will implement any changes.

