Economic Framework: Tenant-based Housing Voucher Program

The analytic framework postulates that tenant-based housing vouchers programs enable low-income households to improve housing and housing stability and move to neighborhoods with greater opportunities for improved education, improved physical and mental health, reduced risky behavior and crime, and reduced intergenerational poverty.

The framework identifies the drivers of program cost to include costs borne by the tenant which are tenant's share of rent and utilities and search and moving costs. The drivers of program cost also include the costs borne by the taxpayer which are rent subsidies, administrative cost, pre-move counseling, and other housing services and assistance.

The framework postulates that intermediate economic outcomes of housing voucher programs include increased household budgets that would be freed up to consume other goods and services and expanded choices for housing and neighborhoods. Increased household budgets would be expected to increase both housing and non-housing consumption. The move to better housing and better neighborhoods would be expected to increase current and future employment income for households and future employment income for children in adulthood. The improved health and increased income would reduce the use of healthcare and the use of other social assistance programs. For the taxpayer, increased household incomes lead to greater income tax revenues and the reduced use of other assistance programs lead to smaller budget outlays. All these sources are considered drivers of economic benefits of the housing voucher program. Finally, increased voucher users in neighborhoods can affect the property values for neighbors.

It is postulated that improvements in health would lead to increased quality and quantity of years lived. The economic benefits from costs averted can partially or more than wholly offset the cost of interventions. The framework conceptualizes summary economic outcomes as cost-benefit or cost-effectiveness. Cost-benefit is the ratio of benefits or averted costs to the program cost. Cost-effectiveness is net cost per additional quality adjusted life year gained or disability-adjusted life year averted.