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HOUSING

‘Quiet panic’ as national rental assistance program set to run out of cash



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The U.S. Department of Housing and Urban Development building in Washington, D.C. on March 30, 2020. Photo by Graeme Sloan, SIPA USA via Reuters

IN SUMMARY

Federal housing authorities announced that a COVID-era emergency housing voucher is running out of cash — and there's no plan to save it.

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A \$5 billion pot of federal money set aside to help people on the verge of homelessness pay the rent is running out of cash — and no one has a plan to keep the roughly 60,000 renters, more than [15,000 of them in California](#) — from losing their housing after the last dollar is spent.

News of the imminent expiration of the Emergency Housing Voucher program came in a [March 6 letter](#) the U.S. Department of Housing and Urban Development sent to local public housing authorities, the agencies that administer federal rental housing assistance programs.

A final payment this spring may allow some agencies to keep their emergency programs running into 2026, the letter reads. But housing authorities were advised to move forward with “the expectation that no additional funding from HUD will be forthcoming.”

For the housing authority staff who received the letter, it remains unclear whether the program is winding down simply because it has run out of funds on its own accord or whether it represents a policy shift from the Trump administration, which has been on an aggressive and often uncoordinated [cost cutting tear](#) across the federal bureaucracy.

The letter came as a shock to Lisa Jones, CEO of the San Diego Housing Commission. Jones said the commission could conceivably pay its share of the rent for the [nearly 400 San Diego renters](#) currently assisted by the program through December. After that, she could think of no obvious way to make up for the missing federal dollars.

Jones spoke to CalMatters from Washington D.C., where the heads of housing authorities across the country had gathered for a conference and to lobby their representatives. As news of the end of the program has spread among her counterparts, “a quiet panic” has set in, she said.

Absent federal money, “we don't have the funding to solve that problem,” she said.

The program was modeled after the much larger and well-known Housing Choice Voucher program. Also known as “Section 8,” that long-standing program pays at least 70% of the rent for anyone earning under a certain income and lucky enough to secure one of its scarce vouchers. The [Emergency Housing Voucher program](#) is more narrowly targeted at those in most dire need: people currently living on the street or in shelters, those just on the verge of homelessness and anyone fleeing domestic violence or human trafficking.

“This could very well lead to thousands of additional people becoming homeless in California.”

— ALEX VISOTZKY, SENIOR POLICY FELLOW, THE NATIONAL ALLIANCE TO END HOMELESSNESS

“It’s a group of people who, but for the voucher, would be at extreme risk of falling back into homelessness,” said Mari Castaldi, who focuses on state housing policy for the Center for Budget and Policy Priorities, a progressive think tank.

The termination of the emergency programs comes at an inauspicious time for federal rental assistance programs across the country.

For decades, the federal government has offered Housing Choice Vouchers to [fewer than 1-in-4](#) Americans who qualify for those benefits. In California’s large metro areas, voucher waiting lists — the time between when someone applies and actually receives one — regularly tops out at more than a decade.

That means few housing authorities will have many extra housing vouchers to offer anyone booted from the emergency program. Absent another solution, that would put housing authorities in the virtually unprecedented position of having to revoke assistance from people who are currently depending upon it to pay the rent.

“There’s just no plan in place to determine what would happen” in that case, said Alex Visotzky with the National Alliance to End Homelessness. “This could very well lead to thousands of additional people becoming homeless in California.”

Why the funds ran out

The emergency program was never meant to be permanent. Creating one of many COVID-19-era additions to the nation's social safety net, Congress funded the emergency vouchers in 2021 with a lump sum of \$5 billion. Once those funds were spent, the program was meant to come to an end.

The wind-down was supposed to be gradual.

After the program's roll out, housing authorities were told to stop reissuing the emergency vouchers as renters exited the program — because they no longer needed the help, moved to a different city or died. That way, the program was meant to phase itself out of existence. The federal housing department was given until 2030 to spend all \$5 billion.

That led many local officials and housing advocates to assume the program would be funded through the end of the decade.

The wind-down of the emergency program is just the latest shudder in an unprecedented upheaval in federal housing policy enacted by President Donald Trump. The administration is [considering mass layoffs at the federal housing department](#), raising concerns among some housing policy experts about whether they can seamlessly operate federal programs, including Section 8. After [temporary freezes](#) on all categories of federal funding in late January, the administration, led by DOGE, its "Department of Government Efficiency," has more [quietly extinguished select](#) federal housing programs. Earlier this month the City of Los Angeles stopped accepting [new applications](#) for its general Housing Choice Voucher program, citing uncertain support from Washington.

The federal housing department did not respond to repeated emails and voice messages requesting an interview about why the funds ran out sooner than many expected, and whether the news in the March 6 letter represented a change in federal policy.

"To me it just doesn't sound right, that we're so far off the mark — four years off the mark," said Emilio Salas, executive director of the Los Angeles County Development Authority, which oversees federal housing voucher programs for 66 cities and all unincorporated communities across the L.A. basin.

Sonya Acosta, a policy analyst with the Center for Budget and Policy Priorities, said she hasn't seen any evidence that the end of the Emergency Housing Voucher program is the handiwork of DOGE. Instead, she pointed to a familiar problem as the more likely culprit: sky-high rents.

Since Congress authorized the new vouchers in early 2021, rents across the country experienced a post-pandemic boom. That's even true at the bottom half of the rental market, which the federal housing department [uses to set its rental support levels](#). Between 2021 and 2025, for example, "fair market rents" in San Diego's Barrio Logan neighborhood increased by 43%, nearly double the [overall rate of inflation](#) during the same period, according to the department.

Because the housing voucher programs pay the difference between a tenant's income and rent, soaring rents and stagnant incomes mean the government pays more.

"We've seen those really big increases in rent that has also meant that some of the spending might have gone a little bit faster than initial HUD estimates," said Acosta.

That basic math problem has put the screws to the overall Section 8 program too. Jones, in San Diego, said the Housing Commission's average per-household rental assistance payment at the beginning of the pandemic was around \$870 each month. Now it's roughly \$1,400. Because the emergency voucher program allows for more generous payments and because its voucher holders tend to have even lower incomes than regular voucher holders, the average emergency voucher is about \$2,200, she said.

"The gap between the rental market and the lowest incomes in our community is widening," she said.

What happens when the money runs out

Without fresh funding, there's no way many housing authorities would be able to transfer emergency voucher holders onto the regular voucher program.

In Santa Barbara County, for example, nearly 1-in-10 of the local housing authority's vouchers have been shelved, kept out of the hands of qualified renters because the authority can't afford to provide the assistance.

So once the emergency funding runs out "we have no way of helping those people right now," said housing authority director Bob Havlicek. "Even if we did have extra vouchers available, then its public policy issue of 'why are you helping these folks if you have people on your waitlist?' We can't win either way."

There isn't much optimism from advocates that the state will step up once the emergency funds run dry.

Bond funds that the state has used to prop up much of its affordable housing spending are running low, [Gov. Gavin Newsom's proposed budget](#) for the coming fiscal year includes little extra and rental subsidies, a costly and ongoing expense, have historically been a federal responsibility anyway.

That leaves the federal government, which does not appear to be in a big spending mood when it comes to social programs.

“The gap between the rental market and the lowest incomes in our community is widening.”

— LISA JONES, CEO, SAN DIEGO HOUSING COMMISSION

On Monday, Trump signed a budget bill to [continue funding the federal government](#) at levels set last year. That may provide a steady funding source for the overall federal housing voucher program, though the bill may give his administration [flexibility to redirect some of those funds](#) if it chooses to. It does nothing to address the fate of the Emergency Housing Voucher program.

“We should figure out a way to save this program and make sure these people continue to receive federal rental assistance,” said Tushar Gurjal, a policy analyst at the National Association of Housing and Redevelopment Officials, an advocacy group for affordable housing providers. “None of these folks did anything wrong. They’re just using their vouchers and following all the rules.”

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