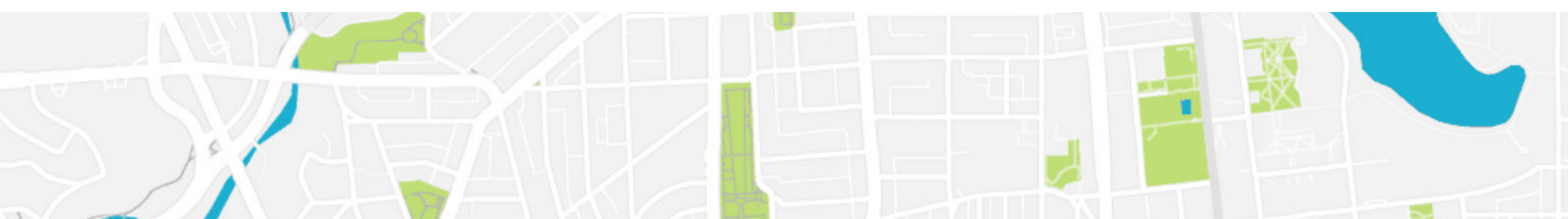
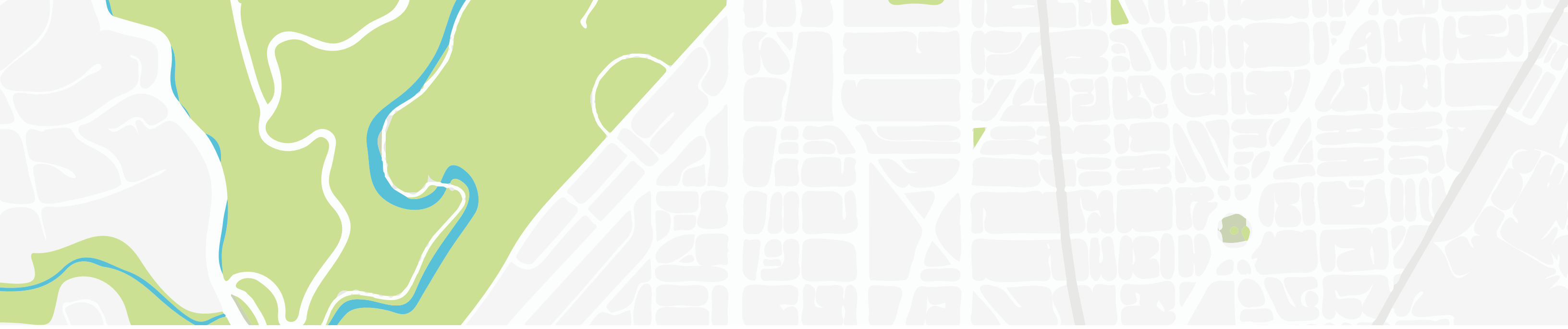
NAHRO
building communities together

Secure Homes, Strong Communities

A 360 Degree View of America's Housing and Community Development Programs
2024 Edition





About NAHRO

The National Association of Housing and Redevelopment Officials (NAHRO) has worked for over 90 years to ensure that all families have access to safe, secure affordable housing in strong, resilient communities across the country. NAHRO, established in 1933, is a membership organization of 26,000 housing and community development providers and professionals throughout the United States. NAHRO members create and manage affordable housing for low-and middle-income families and support vibrant communities that enhance the quality of life for all. NAHRO members administer more than 3 million homes for more than 8 million people. NAHRO advocates for affordable housing and community development to ensure that everyone has access to an affordable, quality home in a strong, vibrant community.

Vision

Thriving communities with affordable homes for all.

Mission

To advance the creation of strong, sustainable and affordable communities through advocacy, professional development, and empowerment of our diverse members.

Contents

Acknowledgments

This report was prepared by the National Association of Housing and Redevelopment Officials (NAHRO). Eric Oberdorfer, Tushar Gurjal, Steven Molinari, and Andrew Van Horn were the lead authors. Mark Thiele, Jenna Hampton, and Gabriel Smith contributed to the report. The report was edited by Sylvia Gimenez and Catherine Berry and designed by Garrett Rivera.

Executive Summary

Housing agencies help families access safe, secure housing through a variety of federal programs, including the public housing and voucher programs. Critically, Public Housing Agencies (PHAs) also help develop and preserve affordable housing units across the country. Redevelopment agencies restore and create vibrant neighborhoods through constructing and rehabilitating buildings and public amenities. These agencies rely on a variety of public and private agreements as well as local, regional, and federal funding sources to help improve our nation's communities.

This report compiles and contextualizes disparate sources of existing data about the federal rental assistance and community development programs that housing and redevelopment agencies use most frequently. In this report, the authors analyze existing quantitative data to comprehensively examine, document, and explore the current state of federally assisted rental housing; affordable housing construction and preservation; and homeless and community development programs. The outcomes, trends, and characteristics identified in the data can help determine policy implications to guide legislative and regulatory efforts.

Federal Rental Assistance Programs

The Public Housing program remains the oldest source of federally assisted affordable housing in the country. Public housing units are permanent units that must remain affordable in perpetuity. Since its inception in the 1930s, public housing has evolved dramatically but still provides critical housing to low-income families, seniors, and individuals with disabilities nationwide – 34% of public housing units house families with children and 37% of public housing units have an individual over the age of 62 as the head of household. Most residents of public housing spend 30% of their income on rent, except when residents opt to pay a flat rent or a PHA charges a minimum rent. This structure has long been successful in making housing available to families that otherwise may not be able to afford a home.

Based on federal performance metrics, PHAs that manage and maintain public housing have operated the program effectively, especially when considering funding trends over the past decade. Underfunding of public housing capital needs has created a considerable backlog that must be addressed to ensure public housing units are preserved for future generations.

The Section 8 or Housing Choice Voucher (HCV) program —enacted in 1974 — is another critical rental assistance program for low-income Americans. The HCV program includes both tenant-based rental assistance and project-based rental assistance. Unlike the public housing program, the rental subsidy in the HCV program is tied to the tenant (although project-based vouchers, or PBVs, require the tenant to live in a specific unit tied to assistance for at least one year). This allows families in the HCV program to use their rental assistance in the private rental market. Typically, tenants pay 30% of their income to landlords for their portion of the rent, while PHAs, through federal subsidies, pay the remainder. The HCV program also includes Project-Based Rental Assistance (PBRA), a program similar to project-based vouchers, but different.

The HCV program is used by a broad spectrum of people, and 77% of the families on the program are extremely low-income. Tight rental markets nationwide make finding allowable units for the voucher program more difficult, which has impacted leasing. Furthermore, rising rental prices have increased the average per unit cost for a voucher household, increasing costs of the program. Keeping landlords in the voucher program, helping families use their vouchers to move to areas with access to quality services, like schools and jobs, and finding units for voucher recipients to lease all play a considerable role in the success of the HCV program.

There are also self-sufficiency programs, including the Family Self-Sufficiency and the Resident Opportunity and Self-Sufficiency (ROSS) and the Jobs Plus Initiative. PHAs that receive (FSS) funding for these programs are able to help their residents reach self-sufficiency through a variety of mechanisms including program coordinators, support services, and employment-related services.

Recently, PHAs have utilized programs that convert public housing units to the Section 8 funding stream. Created as a mechanism to address the chronic underfunding of the public housing program, the Rental Assistance Demonstration (RAD) and Section 18 demolition/disposition options have become important tools for housing agencies to modernize and redevelop their public housing units. RAD simplifies the long-term recapitalization of public housing so agencies can make capital improvements to public housing developments. Over 231,681 units of public housing have converted or are intended to be converted through RAD. These conversions have implications for how these units are funded moving forward and contribute to the declining number of public housing units nationwide.

Homelessness and Community Development

Homelessness in America continues to be an alarming issue. In 2023, roughly 653,100 individuals experienced homelessness in the United States, with 39% of those being unsheltered. Overall, this is a staggering 12% increase from 2022. Additional resources must be strategically directed toward this expanding crisis and significant investments in new construction are needed to increase housing supply.

Federal community development programs ensure that local redevelopment agencies can build strong, resilient communities regardless of socio-economic factors. HUD community development programs and initiatives, including the Community Development Block Grant, HOME Investment Partnerships Program, Housing Opportunities for Persons With AIDS, and the Housing Trust Fund help to increase affordable housing supply while allowing grantees to think holistically about the unique communities the housing serves. Funding for community development programs has remained relatively level over the past few years but has seen decreases from previous decades. Preventing additional cuts will be a priority for upcoming federal appropriations.

Considering current housing supply and affordability challenges, the Low-Income Housing Tax Credit (Housing Credit) has become one of the nation’s most successful tools for encouraging private investment in the creation and preservation of affordable rental housing. Developers receive a tax credit for building Housing Credit properties but must ensure that a certain number of units remain affordable. Only a certain number of credits are issued per year, and due to the current need for new, affordable units, the program is oversubscribed: as of 2022, there were over 56,032 housing credit developments nationwide with a total of 3.65 million units. Statutory changes to the program are needed to ensure affordable housing developers and providers can continue to make use of this critical resource.

Public Housing

The Public Housing program is the oldest housing subsidy program in the country. Formally established by the 1937 Housing Act, the program provides funding to public housing developments owned and operated by PHAs. Funded through the federal Public Housing Capital Fund and the Public Housing Operating Fund, public housing provides safe, secure rental housing for low-income families, the elderly, and persons with disabilities. Typically, tenants pay 30% of their monthly income towards rent with the federal government subsidizing the rest of the unit. PHAs may also charge flat rents and/or minimum rents to their tenants. Flat rents are set at no less than 80% of the applicable Fair Market Rent (FMR) and do not change based upon a tenant's income.[1] Minimum rents are set at $25 or higher (up to $50) per month. The average monthly rent that public housing residents pay is $331 (as of May 2024).[2]

To be eligible for public housing, a household must meet HUD's definition of a family, must not exceed certain income limits, and must have eligible immigration status with supporting documentation. Typically, families living in public housing must have incomes below the low-income threshold for the area, set by the Department of Housing and Urban Development (HUD). Each PHA must ensure that 40% of its new admissions in each PHA fiscal year are families whose incomes are equal to or below the extremely low-income threshold (incomes that are 30% or below the area median income) for the area.[3]

Public Housing Residents and Units Profile

According to 2023 HUD Picture of Subsidized Housing (POSH) data, 1,604,633 individuals live in public housing. Children and elderly individuals comprise the majority of public housing residents. Nationally, the percentage of households with children living in public housing is 34%. Additionally, 37% of households include a head or spouse 62 years old or older. Finally, 23% of households include at least one member with a disability. Although wait times to enter public housing are often high, with families averaging 20 months on a wait list, families that move into public housing remain stably housed. The average public housing household has lived in their unit for 142 months, or almost 12 years.[4] Of these households, 90% have either wages as their major source of income (29%) or have other major sources of income that are not wages or welfare (61%). Only 4% of public housing households rely on welfare — including Temporary Assistance for Needy Families (TANF), General Assistance, or Public Assistance — as a major source of income. The average household income reported by public housing residents is $18,284.[5]

Children and elderly individuals comprise the majority of public housing residents.

HUD publishes occupancy data directly from the Office of Public and Indian Housing (PIH) Information Center (PIC) on a centralized online dashboard. As of March 2024, there were 897,639 total units under an Annual Contributions Contract (ACC). According to POSH data, zero-and one-bedroom units comprise 41% of the total stock, while two-bedroom units make up 30% of the stock and three-bedroom and larger units make up 29% of the stock. Overall, 95% of public housing units are currently occupied.

1 For more information on FMRs, see Housing Choice Voucher section.

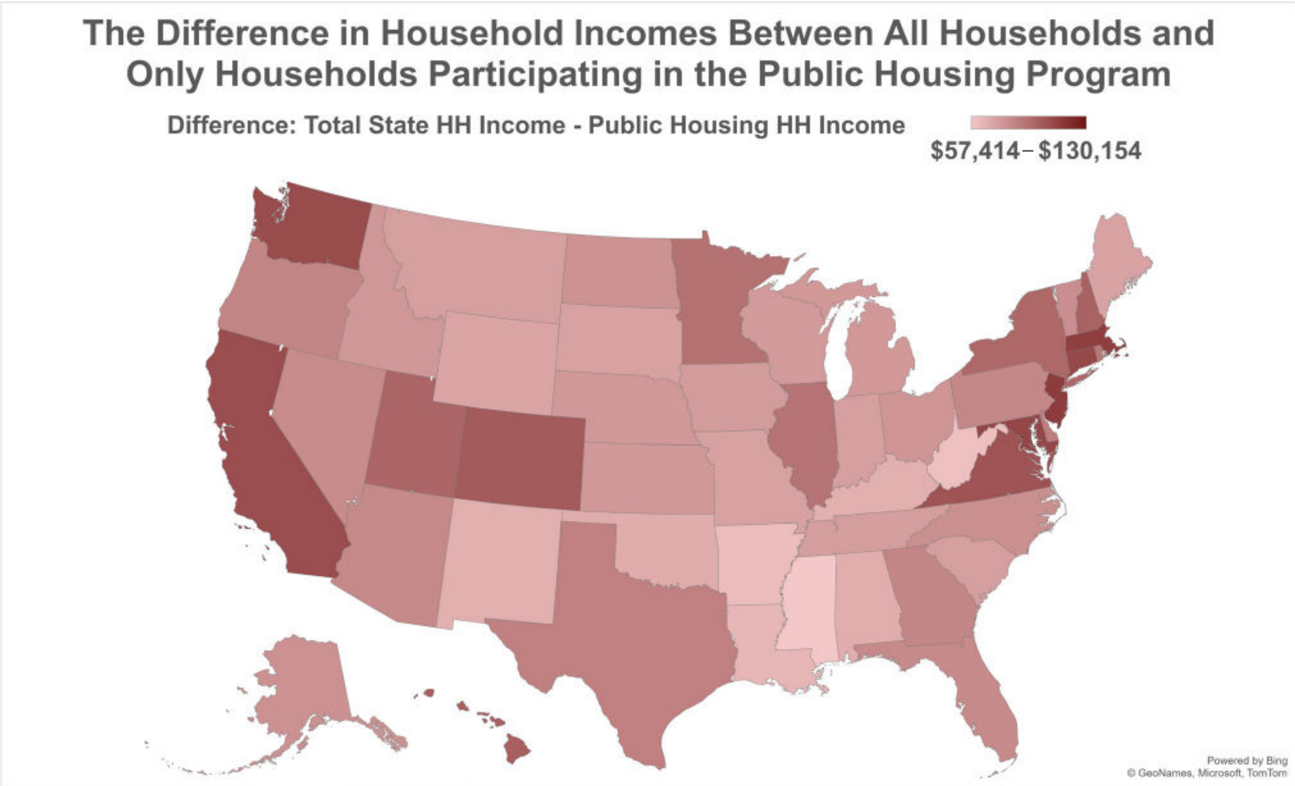
2 Public Housing (PH) Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/ph/PH_Dashboard?utm_medium=email&utm_source=govdelivery.

3 Public Housing Occupancy Guidebook: Eligibility Determination and Denial of Assistance. U.S. Department of Housing and Urban Development.

4 Picture of Subsidized Households. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal/datasets/assthsg.html.

5 Public Housing Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/ph/PH_Dashboard?utm_medium=email&utm_source=govdelivery.

Public housing units remain critically important because they are a source of project-based subsidy in an increasingly expensive rental market. Unlike other rental subsidy programs, which require the cooperation of private landlords, public housing units are permanently and deeply subsidized because they are owned by PHAs, who set rental rates based on tenant income, regardless of the cost of operating the unit. The public housing stock is an especially critical resource today: the Harvard Joint Center for Housing Studies found that, since 2019, the share of cost burdened renter households has increased annually and that, since 2011, the overall percentage of affordable rental units has decreased.[6] Household income determines program eligibility based on a family's ability to afford homes in the private housing market.



Generally, states with the highest incomes overall have the greatest difference between average statewide household (HH) incomes and average public housing household incomes. Washington, D.C., where the difference between the average household income compared to the average public housing household is $130,154, has the greatest discrepancy in the United States. In Mississippi, the state with the lowest difference between public housing incomes and statewide average incomes, the average public housing household income was $57,414 less than the statewide average.[7]

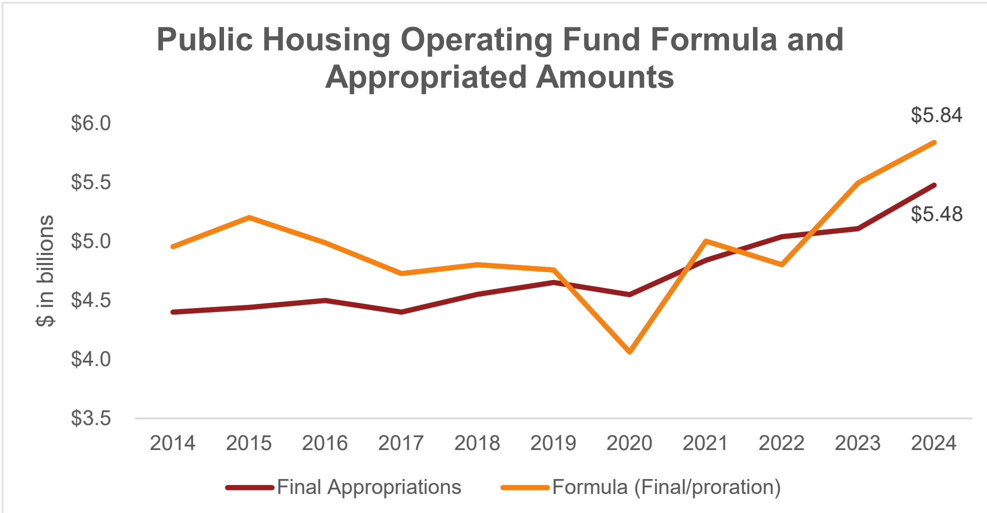
Based on the latest available POSH data, the number of public housing units has declined by at least 302,723 units since 1999. The public housing portfolio loses units predominately via repositioning, a process by which public housing moves from the public housing subsidy stream to another funding stream, primarily Section 8, either through the Project-Based Voucher program or the Project-Based Rental Assistance program. Public housing also loses units through demolition and disposition. The repositioning section of this report goes into further detail about these programs.

6 State of the Nation's Housing: 2023. Harvard Joint Center for Housing Studies. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.

7 Picture of Subsidized Households. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal/datasets/assthsg.html. and American Community Survey. U.S. Census Bureau. https://data.census.gov/table/ACSST1Y2022.S1902?t=Income%20(Households,%20Families,%20Individuals)&g=010XX00US$0400000&moe=false&tp=true

Public Housing Funding

Funding for public housing units is controlled by an Annual Contributions Contract (ACC), the contract between HUD and the PHA, which sets the rules and requirements between the two parties. Agencies administering public housing receive funding for the program through two primary federal sources: the Public Housing Operating Fund and Public Housing Capital Fund.



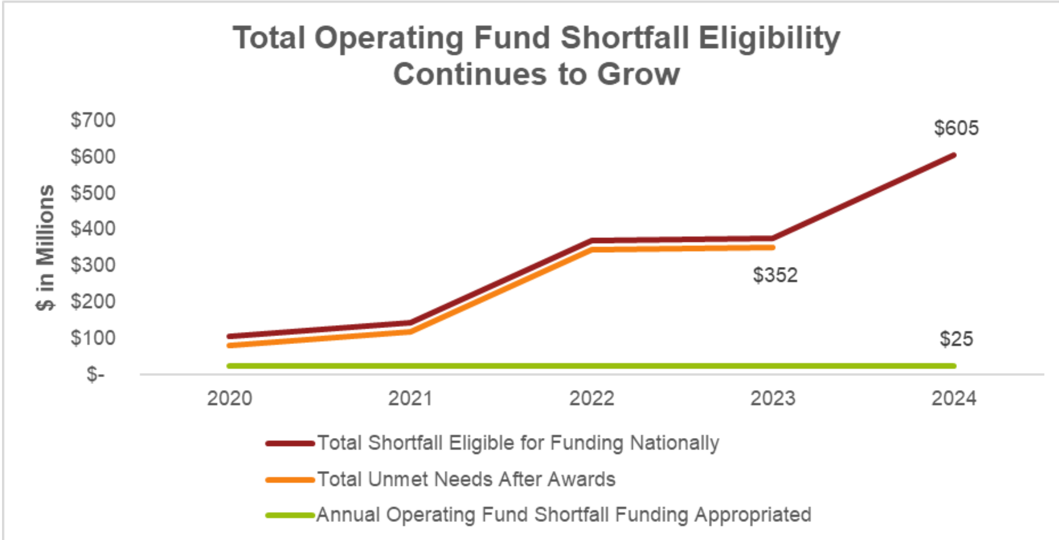
Operating Fund - Operating Fund dollars are used for day-to-day operations associated with public housing. The amount of Operating Fund dollars that PHAs receive for their public housing developments is determined by the Operating Fund formula. The formula takes into account the number of occupied unit months,[8] the number of available units, inflation levels, utility expenses, additional programs in operation, and income generated through tenant rents. Typically, appropriations for the Operating Fund do not cover the full costs of the Operating Fund formula. Excepting 2020, an unusual year due to the COVID-19 pandemic and supplemental federal funding provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2022 was the first year that appropriations exceeded the Operating Fund formula.[9] However, 2022 also featured widespread inflation, raising some accuracy concerns with formula estimates (*see chart above*).

Certain recent market changes have impacted the Operating Fund. First, inflation has drastically limited PHAs' spending power, and the Operating Fund formula will continue to lag behind this trend into funding for next year. Second, the Operating Fund formula considers rents charged instead of rents collected. This means that there are numerous instances where HUD assumes PHAs have received more tenant rent than they have, especially as different COVID-19 pandemic-related eviction moratoria ended over the past few years. Third, insurance premiums have increased dramatically nationwide.

All of this means that operating fund levels have not kept up with operating costs. The most recent PHA-level data shows that average monthly spending rose by 23% for agencies operating the public housing program from 2022 to 2023, while the Operating Fund increased by only 15%.[10] This creates an operating

Operating Fund levels have not kept up with operating costs.

8 Occupied unit months are the number of months within a calendar year that a unit met HUD's occupation criteria.
9 Operating Fund data appropriations compiled from annual Consolidated Appropriations Acts. Proration: https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/funding.
10 Public Housing Authorities, HUD GIS Helpdesk. https://hudgis-hud.opendata.arcgis.com/datasets/public-housing-authorities/explore?location=16.533014%2C-6.808925%2C2.85&showTable=true.



fund shortfall. In May 2024, 157 agencies, or about 6% of all agencies with public housing, were both in shortfall and eligible for funding to meet this need. Other agencies may report shortfall but be ineligible for funding due to receiving shortfall awards in 2023, repositioning public housing developments, or high monthly operating reserves (MORs). In fiscal year 2024, the average shortfall amount is $199,683 per PHA operating public housing, totaling $605 million nationally - significantly higher than 2020.

In fiscal year 2023, Congress appropriated $25 million to help fill the funding gap. The average shortfall per PHA eligible for reimbursement after awards was $1,350,157. Two hundred sixty-one PHAs applied for funding and 151 received it. These PHAs were awarded an average of $159,236. Nearly 1 in 10 eligible PHAs continue to have significant shortfalls.[11]

Capital Fund - The Public Housing Capital Fund provides annual funding for the development, financing, and modernization of public housing. This includes modernizing older buildings, addressing vacancies and relocating residents when needed, improving safety and security, paying for self-sufficiency programs, and paying off debt service.[12]

A significant amount of public housing was built between the 1950s and 1970s, and these developments have suffered from chronic underfunding for years. In 2010, the national Public Housing Capital Needs Assessment showed that the total backlog for public housing capital funding was $26 billion, and that Congress would need to appropriate $3.4 billion (in 2010 dollars) per year to meet all public housing capital needs. The report noted that each year the cost of the backlog compounds at a rate of 8.7% due to inflation and the increased cost of addressing deferred maintenance.[13] As a result, even when accounting for other federal capital programs that have helped modernize and improve public housing, such as the Rental Assistance Demonstration (RAD) and Choice Neighborhood Grants, NAHRO estimates the Capital Fund backlog has grown to approximately

NAHRO estimates the Capital Fund backlog has grown to approximately $90 billion in 2024.

11 NAHRO tabulations of HUD Shortfall Data. Operating Fund (Op-Fund) Shortfall Funding. US Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/ph/am/opfnd2023/shortfallfunding

12 Public Housing Fund. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/sites/dfiles/CFO/documents/2023_CJ_PIH2_Program_PH_Fund.pdf.

13 Capital Needs in the Public Housing Program. Abt Associates. 2010. https://www.hud.gov/sites/documents/PH_CAPITAL_NEEDS.PDF.

$90 billion in 2024. Although funding for the Capital Fund has increased in recent years, and was funded at all-time highs in 2022, 2023, and 2024, Congress has not once provided an annual appropriation of $3.4 billion to the Capital Fund. There is still a considerable backlog that must be addressed to ensure that residents in aging public housing have access to decent, safe, and secure units. Public housing funding must keep pace with capital needs or risk harming the health of entire communities and the well-being of low-income Americans.

Public Housing Performance

HUD assesses public housing via the Public Housing Assessment System (PHAS). PHAs are scored along four metrics: the physical state of the project, as previously measured by the Uniform Physical Condition Standards (UPCS) and now the National Standards for the Physical Inspection of Real Estate (NSPIRE), the financial health of the project, management of the project, and compliance with capital fund requirements. The interim PHAS rule has been in effect since 2011, although HUD is in the process of updating the regulation.[14]

PHAs receive a numerical score from HUD through PHAS. Most agencies have received a 2022 PHAS score, though some have not due to program enrollment, their size, or receiving COVID-19 waivers. This score is derived from the sum of the four metrics within PHAS. These data include inactive PHAs whose scores are still included by HUD. Agencies designated as high performers get additional benefits, including being subject to fewer regulations and being assigned preference when applying for certain grants.[15] Those that are substandard receive additional oversight from HUD and must work to improve their scores. Troubled housing agencies are provided 2 years to improve to a passing score.[16]

According to the most recent PHAS data published by HUD, PHAs perform well. Sixty percent of PHAs received a high or standard performer designation, with 33% designated as a high performer and 27% designated as a standard performer. Just 15% of

According to the most recent PHAS data published by HUD, PHAs perform well.

agencies received a substandard designation, meaning that these agencies received a substandard score in one of the four metrics. Agencies with substandard designations submit a corrective action plan and receive monitoring from HUD to increase their scores. Only 4% of PHAs are designated as troubled, the lowest rating. An agency must have major problems in key areas to be considered troubled. The PHAS designation protocol does not apply to the smallest agencies (249 units or fewer), Moving to Work (MTW) participants, and Rental Assistance Demonstration (RAD) projects, which do not receive a rating – 22% of agencies are not rated. Small agencies, however, do receive a numerical score, and the frequency with which they are reassessed is based on this score[17] *(see chart on page 11).*

Agencies can be designated substandard if their scores for the financial indicator, management indicator, or physical inspections – or a combination of these scores – fall below acceptable thresholds. 455 agencies received substandard ratings in 2022. Of all agencies receiving a score, 1.75% received substandard financial scores, 8.76% received substandard management scores, 3.34% received substandard physical assessment scores, and just 0.91% were substandard in multiple areas – meaning the vast majority of agencies designated substandard still provide safe, decent units and act as responsible stewards of federal funding. Across all PHAs, only 3% of agencies received substandard inspection scores and 2% received substandard financial scores. Six percent of agencies that received a substandard designation did so due to scores falling below acceptable thresholds in two or more categories.[18]

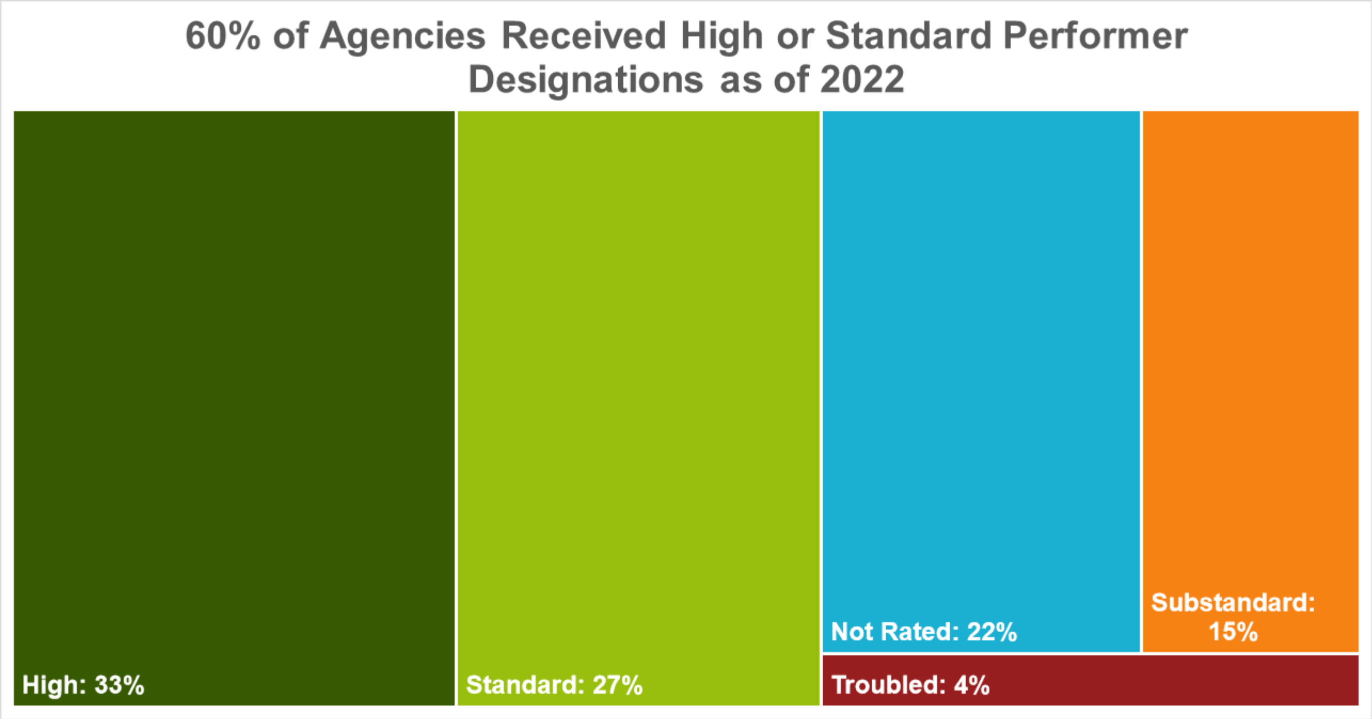
14 Real Estate Assessment Center (REAC) and the Public Housing Assessment System (PHAS). U.S. Department of Housing and Urban Development (HUD). https://files.hudexchange.info/resources/documents/PHAS-Training-Introduction-Scoring-Planning-and-Tracking-Slides.pdf.

15 24 C.F.R. §902.71.

16 Real Estate Assessment Center (REAC) and the Public Housing Assessment System (PHAS). U.S. Department of Housing and Urban Development (HUD). https://files.hudexchange.info/resources/documents/PHAS-Training-Introduction-Scoring-Planning-and-Tracking-Slides.pdf.

17 Integrated Assessment System-Public Housing Assessment System (NASS-PHAS). U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/reac/products/prodphasintrule

18 Integrated Assessment System-Public Housing Assessment System (NASS-PHAS). U.S. Department of Housing and Urban Development (HUD).



Public Housing Inspections

Prior to July 2023, public housing was inspected using the Uniform Physical Condition Standards (UPCS). In 2023, HUD transitioned to a new inspection protocol, the National Standards for the Physical Inspection of Real Estate (NSPIRE). Although HUD is now using this new inspection protocol, many properties have not yet been inspected using NSPIRE and have not received NSPIRE scores. Units will receive their first NSPIRE scores at some point between 2023 and 2025. As of the publication of this report, no NSPIRE scoring data has been made public. As such, this section will provide an analysis of public UPCS data.

The UPCS model requires contracted inspectors to walk through public housing properties and visually inspect five major areas: the overall housing site, building exteriors, general building systems, building common areas, and residential units.[19] Inspectors are trained to look for specific deficiencies in the units and properties. NSPIRE will reduce the number of inspectable areas from five to three – the unit, inside the building, and outside the building, including the exterior.

Through UPCS, agencies receive a score where points are deducted based on the severity and criticality of the deficiencies in the unit. The maximum score is 100, and scores below 60 are considered failing. 2021 physical inspection score data from HUD shows that 90% of inspections yielded a passing score of 60 or higher on record, with most scores between 83 and 100. Failing scores are typically outliers.[20] NSPIRE will use a weighted defect scoring method based on the location and severity of the deficiency.

19 Uniform Physical Condition Standards and Physical Inspection Requirements for Certain HUD Housing; Final Rule. U.S. Department of Housing and Urban Development (HUD).
20 Physical Inspection Scores. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal/datasets/pis.html.

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) program provides federal rental assistance to approximately 2.3 million households. The program provides vouchers to program participants, which can be used to subsidize rental payments to private landlords. Typically, voucher participants pay approximately 30% of their income toward their rent (although participants can elect to pay a higher percentage in some instances), with the remainder of their rental payment covered by the voucher. A voucher typically covers up to 90% to 110% of the Fair Market Rent.

To be eligible for a voucher, a household must meet HUD's definition of a family, must not exceed certain income limits, and must have eligible immigration status with supporting documentation. If a student in higher education does not live with their parents, then they may be eligible if they meet additional criteria. Additionally, each PHA must ensure that 75% of its admissions in each PHA fiscal year are families whose incomes are equal to or below the extremely low-income threshold (30% or below the area median income) for the area.

The HCV program has two primary accounts. The first is the Housing Assistance Payments (HAP) account, which is the portion of the subsidy that is paid to landlords as rental assistance. The second is the administrative fee account, which is the portion of voucher funding that is used for the costs of operating the program and for certain other eligible uses.

Payment standards for the voucher program, which set the upper limit of the subsidy that the PHA will pay per voucher, are based on Fair Market Rents (FMRs). HUD calculates FMRs annually. In most instances, the FMR for an area is the amount that a program participant would need to pay the gross rent (shelter rent plus utilities) for a unit. The FMR is set such that it should be enough to rent approximately 40% of safe, decent units in a geographic area. Small Area FMRs are similar to FMRs, but they are calculated over a smaller geographic unit – the zip code.[21]

It can be challenging for voucher holders to find eligible units. Recent research shows that only "61[%] of searches initiated [in the voucher program] in 2019 succeeded using a 180-day search window " Additionally, "[i]f that timeline [was] extended to 240 days, the estimated success rate [rose] to 63[%]."[22] Other research shows that the stock of low-cost units has been declining. There has been a loss of 3.9 million units with rents below $600 in the past decade and the low-rent segment has declined by 1.2 million units between 2019 and 2021. Thirty-six states lost more than 10% of units with contract rents below $600.[23]

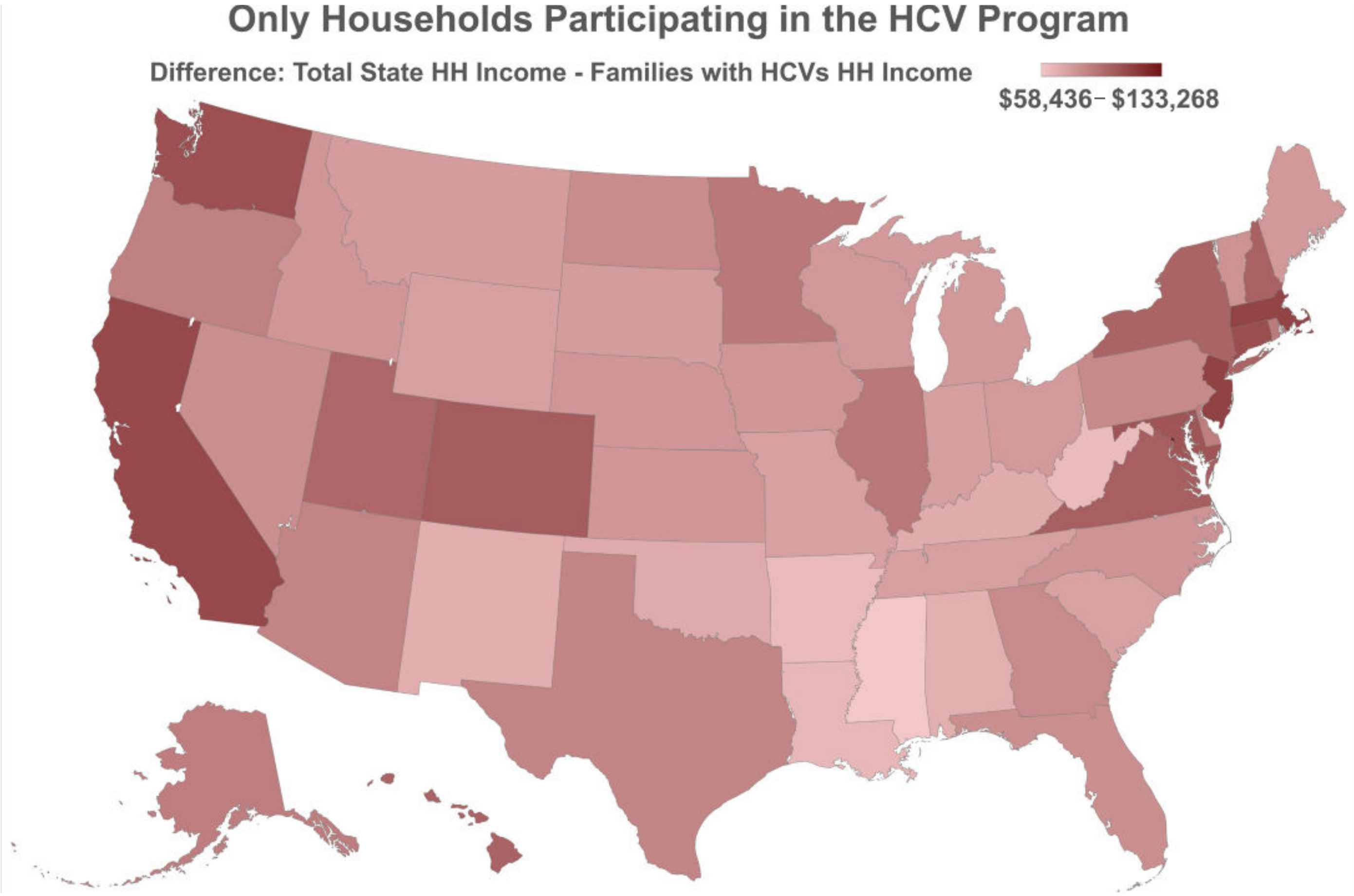
Housing Choice Voucher Resident Profile

The HCV program is used by a wide range of people. According to 2023 HUD Picture of Subsidized Housing (POSH) data, 77% of the families on the program are extremely low-income, earning less than 30% of the adjusted median income (AMI) for their locality. The remaining families are generally very low-income, earning less than 50% of AMI.

21 87 Fed. Reg. 53,762.

22 Using HUD Administrative Data to Estimate Success Rates and Search Durations for New Voucher Recipients. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal//portal/sites/default/files/pdf/Voucher-Success_Rates.pdf.

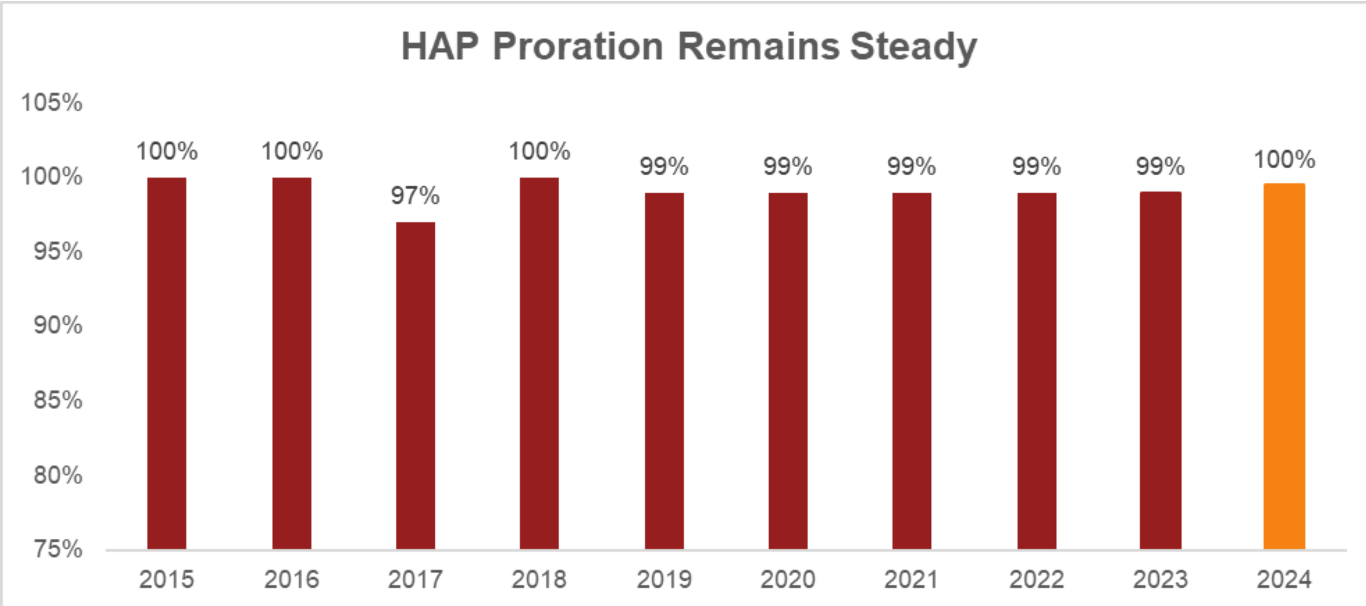
23 State of the Nation's Housing: 2023. Harvard Joint Center for Housing Studies. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2023.pdf.



Similar to Public Housing, 90% of voucher households have either wages as their major source of income (28%) or have other sources of major income that are not wages or welfare (42%). Just 4% of households in the voucher program have welfare as a major source of income. The average household income per year for voucher households is $17,835. Thirty-eight percent of voucher families have children, while 35% have a female head of household with children. Twenty-six percent of households in the program include an individual who has a disability, 48% of households are black, non-Hispanic, while 18% are Hispanic, and 30% are white, non-Hispanic.

Household income is a factor that determines program eligibility based on a family's ability to afford homes in the private housing market. Generally, states with the highest incomes overall have the greatest difference between average statewide household incomes and average housing choice voucher household incomes. Washington, D.C., where the difference between the average household income compared to the average housing choice voucher household is $133,268, has the greatest discrepancy in the United States. In Mississippi, the state with the lowest difference, the average housing choice voucher household income was $58,436 lower than that for the statewide average (*see map above*).

The voucher program had a nationwide budget utilization rate of 104% and a unit utilization rate of 86%.



HAP and Utilization

Congress usually funds the HAP account at or very close to the amount needed to renew each voucher that was in use in the prior year (*see chart above*).

Utilization is a measure of how well an agency manages a voucher program. It is calculated by considering both a PHA's budget utilization and unit utilization. Budget utilization is the amount of money spent within a year divided by the amount of money received within a year. Unit utilization is the number of vouchers leased compared to the number of vouchers authorized for use by that PHA. The more households that can utilize vouchers, the better the program works. According to the HUD Housing Choice Voucher Dashboard, as of December 2023, the voucher program had a nationwide budget utilization rate of 104% and a unit utilization rate of 86%. A budget utilization higher than 100% indicates that PHAs are utilizing their reserves to fund vouchers.

Average Per Unit Cost

The average per unit cost (PUC) is the average amount of HAP spent per voucher per month. Over the last several years the average PUC has increased by 50% - a substantial amount. The accompanying chart details the national average PUC year over year.[24] Each measure is from December 31 of the year listed.

2015	2016	2017	2018	2019	2020	2021	2022	2023
$648.42	$671.41	$701.07	$727.38	$757.06	$803.35	$829.14	$883.72	$975.19

24 Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

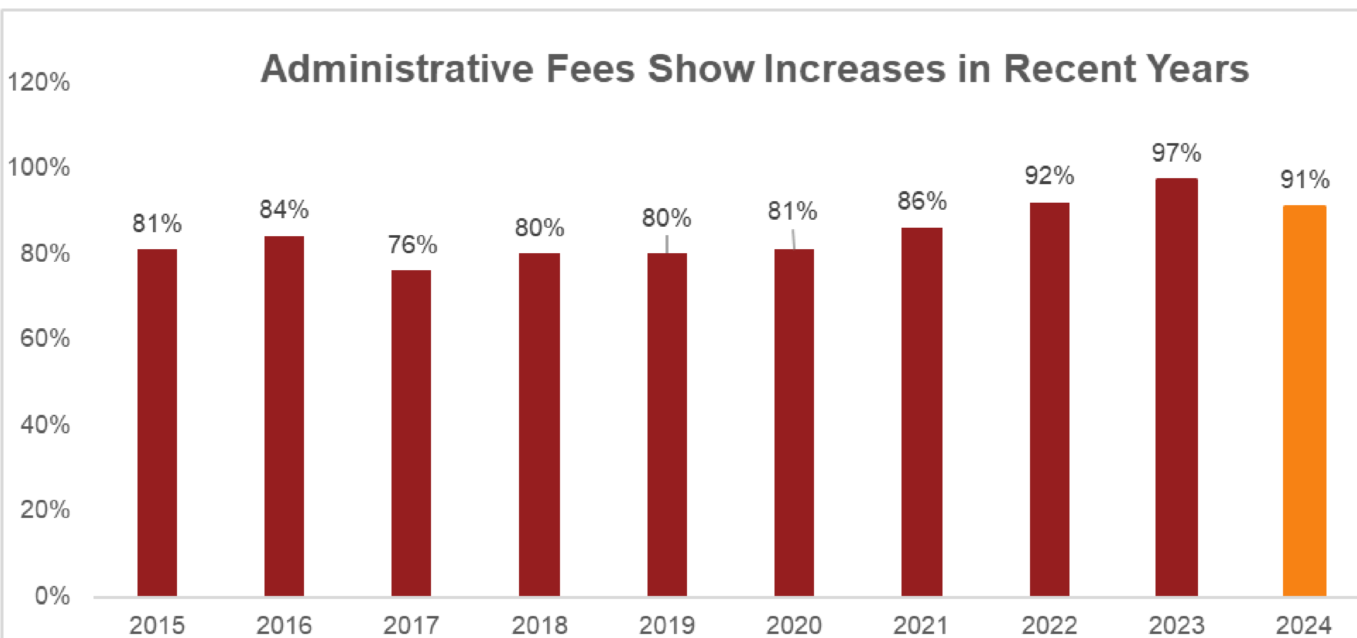
Administrative Fees

Administrative fees are intended to fund the operating costs of a PHA's voucher program. HUD calculates administrative fees by using a formula based on two separate rates: a "Column A" rate, which applies to the first 7,200 unit months under lease, and a "Column B" rate, which applies to all other units. The Column A rate is 7.5% of the higher of the fiscal year 1993 or fiscal year 1994 Fair Market Rent (FMR) for a two-bedroom unit in the PHA's market area, multiplied by an inflation factor.[25] The Column B rate is equivalent to 7% of the higher of the fiscal year 1993 or fiscal year 1994 FMR for a two-bedroom unit in the PHA's market area, limited by floor and ceiling amounts, and multiplied by an inflation factor.[26]

In terms of formula eligibility, the administrative fee formula has been underfunded for the past 20 years, though there had been a recent trend upward until fiscal year 2024 (*see chart below*).

PHAs use administrative fees for a variety of activities. These include day-to-day operations like income determinations and reexaminations, unit inspections, disbursing HAP to landlords, policy and operational planning implementation, financial management, record-keeping, reporting, and other overhead activities related to the HCV program. Other administrative activities can include pre-move counseling, helping a family find an appropriate unit, and certain post-lease up activities.[27]

While administrative fees are mainly used to operate the program, in certain instances, PHAs can use them to help voucher holders overcome barriers to leasing up housing. In 2022, HUD began to allow PHAs to use administrative fees for expenditures other than those associated with normal administrative activities. This includes providing landlord incentive payments, landlord retention payments, security deposit assistance, utility deposit assistance, utility arrears assistance, application fees, non-refundable administrative or processing fees, refundable application deposits, broker fees, holding fees, or renter's insurance, if required by the lease. These new uses are a major change to the program and illustrate why adequate administrative fee funding is critical to help voucher holders lease up units.[28]



25 24 CFR 888.113(a).

26 Housing Choice Voucher Program Administrative Fee Study. Abt Associates. 2015. https://www.huduser.gov/portal/publications/pdf/AdminFeeStudy_2015.pdf.

27 Notice PIH 2022-18. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/sites/dfiles/PIH/documents/PIH2022-18.pdf.

Adequate administrative fee funding is critical to help voucher holders lease up units.

Project-based Vouchers

The HCV program can provide assistance in two ways. The tenant-based program provides assistance via a subsidy that follows a family. However, the program can also be used to attach a subsidy to a unit through the award of project-based vouchers (PBV). This feature is important because in areas where there are not many available units, a PHA can project-base vouchers to expand the housing supply and/or provide targeted housing and services to special needs populations. Additionally, by project-basing in areas of opportunity, a PHA can help deconcentrate areas of poverty and expand the range of jobs and services available to residents of those units.[29]

PHAs are only allowed to project-base 20% of their unit allocation. In certain instances, where units are serving special populations or in certain census tracts with low poverty rates, the percentage limitation may be increased by 10%. RAD conversions also do not count towards PBV percentage limitations.

As of December 2023, 862 PHAs had PBVs – including those that were under an agreement to enter into a HAP contract. The PBV unit utilization rate was 91%. There are a total of 334,883 PBV units, representing 13% of the total units in the HCV program.[30]

Homeownership Vouchers

The Housing Choice Voucher Homeownership program allows voucher holders at PHAs that have homeownership programs to use their voucher to receive monthly assistance in purchasing a home. To be eligible to use the homeownership option, participants must meet different or additional eligibility requirements such as being a first-time homebuyer, income requirements, employment requirements, and/or completing a homeownership program. As of February 2024, there were 9,710 active homeownership participants. As of April 1, 2024, there have been 10,443 closings using the homeownership voucher program.[31]

Special-Purpose Vouchers

In addition to the tenant-based and PBV program, the voucher program has special-purpose vouchers. These vouchers are focused on certain populations. Frequently, the rules governing these vouchers may be slightly different than the general program. This is due to the unique nature of the populations the vouchers serve, and, in many cases, requirements that individuals are referred to the PHA from other agencies, which can make these vouchers more difficult to lease.

There are a total of 334,883 Project-Based Voucher units, representing 13% of the total units in the Housing Choice Voucher program.

HUD-VASH Vouchers - HUD Veterans Affairs Supportive Housing (VASH) vouchers are vouchers for homeless veterans and their families, including recently

28 Notice PIH 2022-18. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/sites/dfiles/PIH/documents/PIH2022-18.pdf.

29 There are many ways to define what constitutes an "area of opportunity." Examining the various definitions is beyond the scope of this report.

30 Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

31 HCV Homeownership Program. Department of Housing and Urban Development (HUD).

returning veterans.[32] This program combines vouchers from the HCV program with case management and clinical services from HUD and the Department of Veterans Affairs. These services are provided by Veterans Affairs Medical Centers community-based outreach clinics, Veterans Affairs contractors, and other Veterans Affairs designated entities.[33] The utilization rate for HUD-VASH vouchers is 75% as of February 2024.

The Veterans Affairs Department, along with HUD, released guidance in 2024 that would allow PHAs to issue HUD-VASH Vouchers without a referral in certain instances. The guidance provides instructions for PHAs to apply to serve as Designated Service Providers (DSPs) for the purposes of veteran selection and intake for the HUD-VASH program. By applying to be a DSP for the purposes of veteran selection and intake, a PHA may issue a HUD-VASH voucher to a veteran without a referral from the VA. It is hoped that this flexibility may assist in increasing HUD-VASH voucher utilization.

Mainstream Vouchers – Mainstream vouchers serve households that include at least one non-elderly person with disabilities. To qualify as non-elderly, the voucher holder must be between 18 and 62 years old when the household first receives rental assistance.[34] As of February 2024, the utilization rate for mainstream vouchers was 80%.[35]

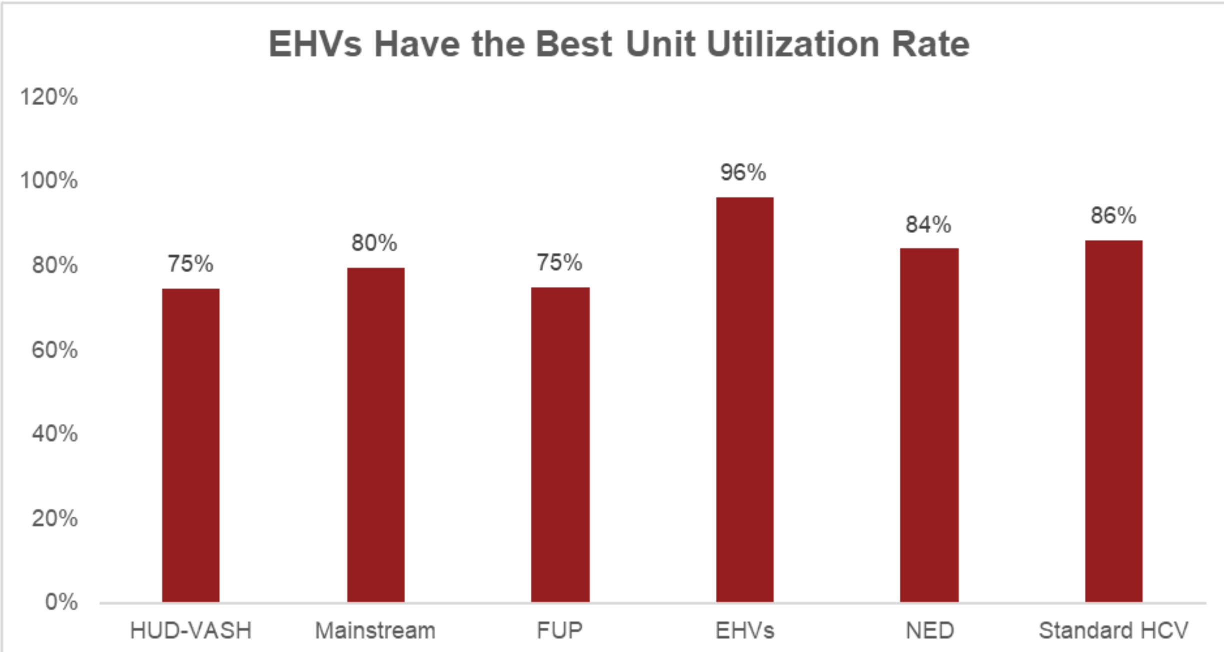
Family Unification Program Vouchers and Foster Youth to Independence Vouchers – The Family Unification Program (FUP) provides vouchers for families in which a lack of adequate housing is a primary factor in either the imminent placement of a child in out-of-home care or a lack of adequate housing will lead to a delay in a child's discharge from out-of-home care back to the family.[36] Housing agencies administer these vouchers in partnership with Public Child Welfare Agencies (PCWAs). PCWAs are responsible for sending referrals to the housing agency, while the housing agency determines whether the family meets the qualifications of the voucher program.
As of February 2024, the program has a utilization rate of 75%.[37]

Foster Youth to Independence vouchers make HCVs available to youth between 18 and 24 years of age who left foster care, or will leave foster care within 90 days, and are homeless or at risk of experiencing homelessness at age 16 or older. This assistance is available for 36 months and in certain instances can be extended by another 24 months.[38] These vouchers are available to PHAs through non-competitive awards and through a competitive award process.[39]

Emergency Housing Vouchers – In response to the COVID-19 pandemic, Congress allocated $5 billion for Emergency Housing Vouchers (EHVs). These vouchers assist families that are experiencing homelessness, are at risk of experiencing homelessness, are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless; and for whom providing rental assistance would prevent the family from experiencing homelessness or having a high risk of housing instability.

32 86 Fed. Reg. 53,209.
33 HUD-VASH Vouchers. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/vash.
34 Notice PIH 2020-01. United States Department of Housing and Urban Development (HUD). https://www.hud.gov/sites/dfiles/PIH/documents/Mainstream_PIH-2020-01.pdf.
35 Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.
36 Family Unification Program (FUP). U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/family.
37 Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.
38 87 Fed. Red. 3,570.
39 FYI Vouchers for the Foster Youth to Independence Initiative. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fyi.

HUD used this funding to authorize 70,000 EHVs in 2021. In addition to the HAP funding for the voucher, the PHAs that administered these vouchers received certain other fees, including a service fee of $3,500 per voucher to help boost utilization. Housing agencies that received EHVs were required to enter into partnerships with their local Continuums of Care (CoCs) to identify potentially eligible applicants.[40] As of May 2024, EHVs had a utilization rate of 96%.[41]



Non-Elderly Disabled Vouchers – Non-Elderly Disabled (NED) vouchers serve non-elderly disabled populations. Specifically, they serve families where the head, co-head, or spouse is a non-elderly person with disabilities.[42] There are two categories of these vouchers – the first category is for non-elderly households with disabilities to help them access affordable housing, and the second category is to help non-elderly people with disabilities living in nursing homes or other healthcare institutions transition back to independent living in the private rental market.[43] As of May 2024, these vouchers had a utilization rate of 84%.[44]

Stability Vouchers – HUD has made a total of 3,379 Stability vouchers available, which are aimed at ending homelessness. These vouchers are for people who are experiencing homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, and families with a veteran family member. Agencies that receive these vouchers must have a partnership with a local CoC or Victim Service Provider to identify potentially eligible applicants.

Landlords

Attracting landlords to the voucher program remains a key priority for both HUD and PHAs. Recent research, primarily in metropolitan areas, highlights some frustrations landlords have with the program. The three most common factors that can influence a landlord's preference for renting to voucher holders are: financial motivation, landlords' perception of tenants, and bureaucratic factors.[45]

40 Notice PIH 2021-15 (HA). U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/sites/dfiles/PIH/documents/PIH2021-15.pdf.

41 Emergency Housing Voucher (EHV) Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/ehv/dashboard.

42 Housing Choice Voucher Dashboard User Guide and Data Dictionary. U.S. Department and Urban Development (HUD). https://www.hud.gov/sites/dfiles/PIH/documents/Dashboard-Data-Dictionary-FINAL.pdf.

43 Non-Elderly Disabled (NED) Vouchers. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/ned.

44 Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

45 Garboden, et al. Urban Landlords and the Housing Choice Voucher Program: A Research Report. The Poverty and Inequality Research Lab Johns Hopkins University. 2018. https://www.huduser.gov/portal/sites/default/files/pdf/Urban-Landlords-HCV-Program.pdf.

First, in geographic areas where landlords may frequently deal with late and partial payments, landlords may prefer voucher holders because rental assistance is issued directly from the housing agency, increasing the timeliness and stability of payments.

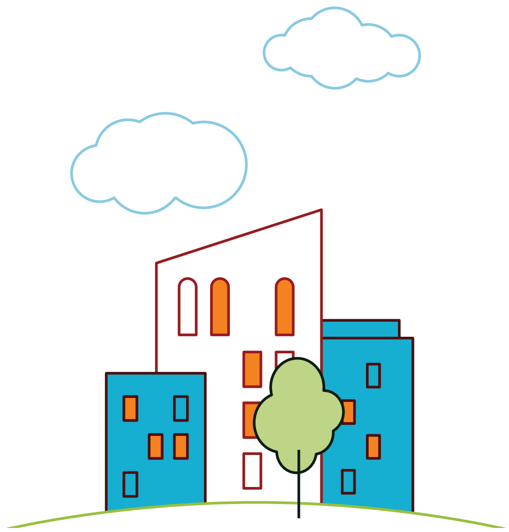
A second factor is the voucher holder themselves. While a deterrent for some landlords, voucher holders are often motivating factors for many other landlords. Some landlords perceive voucher tenants to be more respectful of the home.[46] Some landlords stated that they were "motivated to participate in the program out of a desire to 'do good' for their tenants and 'help others.'"[47]

The third factor that influenced landlords were their interactions with housing agencies. Many, including half of the landlords reviewed in Baltimore and Cleveland, reported that inspections were a "burdensome and negative aspect of the program."[48] A small number of landlords described inspections in positive terms because they call attention to needed repairs before an issue escalates. Landlords also noted challenges with the bureaucratic nature of the HCV program as regulated by HUD.

Mobility

Research has shown benefits to voucher holders moving out of areas of concentrated poverty – including benefits to physical health and mental health. For children under the age of 13, there are also long-term financial benefits in the form of increased lifetime earnings.[49]

HUD is currently conducting an HCV mobility demonstration called the "Community Choice Demonstration." Eight PHAs are participating in this demonstration lasting through October, 2028, which will include over 10,000 families. The demonstration will test two bundles of mobility services to see which bundle is most cost-effective in enabling families to move to areas with access to beneficial community amenities.



Small Area FMRs

In 2023, HUD designated additional areas where the use of small area FMRs will be mandatory. A relatively new initiative in itself, recent regulations for small area FMRs allow HUD to select new areas to become subject to the small area FMR requirement if certain criteria are met. HUD has applied that criteria to select 41 new areas throughout the country. A preliminary data analysis formed the basis of this regulatory action.

The analysis found that after the implementation of small area FMRs, "[n]ew voucher recipients were more likely to move to low-poverty neighborhoods [and the] program reduced their overall concentration in low-rent, high poverty neighborhoods " across all demographic categories, though the magnitude of the findings is "modest."[50] There were no increases in success rates (the rate at which a family that has a voucher is able to find a unit to lease). At the time of this report, the research has not been published, nor is the data publicly available.

The new mandatory small area FMR designations will become effective on October 1, 2024, though PHAs will have until January 1, 2025, to implement new payment standards based on the new small area FMRs.[51]

46 Garboden, et al. Urban Landlords and the Housing Choice Voucher Program: A Research Report. The Poverty and Inequality Research Lab Johns Hopkins University. 2018. https://www.huduser.gov/portal/sites/default/files/pdf/Urban-Landlords-HCV-Program.pdf.

47 Garboden, et al. Urban Landlords and the Housing Choice Voucher Program: A Research Report. The Poverty and Inequality Research Lab Johns Hopkins University. 2018. https://www.huduser.gov/portal/sites/default/files/pdf/Urban-Landlords-HCV-Program.pdf.

48 Garboden, et al. Urban Landlords and the Housing Choice Voucher Program: A Research Report. The Poverty and Inequality Research Lab Johns Hopkins University. 2018. https://www.huduser.gov/portal/sites/default/files/pdf/Urban-Landlords-HCV-Program.pdf

49 Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz. The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. 2015. http://www.equality-of-opportunity.org/images/mto_paper.pdf.

50 88 Fed. Reg. 73,353.

51 88 Fed. Reg. 73,352.

Although laws preventing source-of-income discrimination are selectively enforced and violations may be difficult to prove, they do offer a benefit to voucher holders seeking to lease units.

Source of Income Anti-Discrimination Laws

Source of income anti-discrimination laws prevent landlords from discriminating against potential renters based on the source of the income used to pay rent, including HCV subsidy. In most instances, these laws do protect voucher holders from landlord discrimination. However, only certain, select jurisdictions have source of income anti-discrimination laws – there are currently no federal protections.[52] Although laws preventing source-of-income discrimination are selectively enforced and violations may be difficult to prove, they do offer a benefit to voucher holders seeking to lease units.[53]

Recently, HUD created a new source of income anti-discrimination website.[54] For jurisdictions with source of income protections, this website recommends that PHAs take certain steps to protect tenants from source of income discrimination. The HUD website recommends the following:

- providing local contact information to voucher holders if they experience source of income discrimination;
- working with landlords to resolve issues;
- educating voucher holders on applicable local and/or state source of income anti-discrimination laws; improving relationships with landlords; and
- creating internal processes for tracking complaints and monitoring patterns of discrimination.

Housing Choice Voucher Inspections

For inspections of units with HCV tenants, HUD is transitioning from the Housing Quality Standards (HQS) protocol to a new protocol known as the National Standards for the Physical Inspection of Real Estate (NSPIRE) for vouchers. While the transition was originally planned to occur on October 1, 2023, HUD has allowed PHAs to continue using the current HQS protocol at their discretion for an additional year (October 1, 2024).[55]

The new NSPIRE for vouchers protocol is intended to be more objective than the HQS protocol leading to more standardized inspections. NSPIRE for vouchers should align HCV unit inspections more closely to how public housing units are inspected via NSPIRE. This increased standardization will mean that inspections by different inspectors at the same unit should result in the same list of deficiencies and same score. Unlike NSPIRE for public housing and the Project-Based Rental Assistance program, NSPIRE for vouchers does not grade units with a numerical score, but rather a pass/fail score.

52 Knudsen. Expanded Protections for Families with Housing Choice Vouchers. Poverty & Race Research Action Council. https://prrac.org/pdf/soi-voucher-data-brief.pdf.
53 Tighe, et al. Source of Income Discrimination and Fair Housing Policy. Journal of Planning Literature. https://journals.sagepub.com/doi/epub/10.1177/0885412216670603.
54 Source of Income Protections for Housing Choice Voucher Holders. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/source-of-income-protections.
55 Notice PIH 2023-28. U.S. Department of Housing and Urban Development (HUD).

Rental Assistance Demonstration/ Repositioning

RAD Overview

The Rental Assistance Demonstration (RAD) program was created by Congress in 2012 to address the chronic underfunding of the Public Housing Capital Fund. RAD does this by converting public housing units to the Section 8 funding stream – either through Project-based Voucher (PBV) units in the Housing Choice Voucher (HCV) program or to Project-based Rental Assistance (PBRA). PBV and PBRA units are housed under the Section 8 program, however, they have different rules and are operated through different offices at HUD. Units converted through RAD no longer receive Public Housing Operating and Capital Fund funding, but rather payments through the Section 8 program. Housing agencies without HCV programs that want to use RAD must convert either their properties to PBRA or find a different PHA to administer their RAD PBV contract. RAD can be used for a straight conversion from public housing to the Section 8 platform, new construction, rehabilitation, or a transfer of assistance. In the case of a transfer of assistance, the new units cannot be located in neighborhoods with high concentrations of poverty. HUD also assesses whether the conversion site is economically viable.

RAD simplifies the long-term recapitalization of public housing so that PHAs can make capital improvements to their units.

RAD simplifies the long-term recapitalization of public housing so that housing agencies can make capital improvements to their units. RAD requires long-term HAP contracts for the converted units that must be renewed in order to maintain affordability.[56] Residents typically continue to pay 30% of their income toward rent and maintain the same rights afforded to them by the Public Housing program.

By switching from the Public Housing Capital Fund and Operating Fund to a Section 8 funding stream, RAD-converted properties have a stable long-term funding source. Agencies can use this funding to leverage outside financing that the public housing program cannot access, including conventional debt, the Housing Credit, historic tax credits, demolition and disposition transition funding, FHA-insured debt, and other financing. These leveraged sources of capital can pay for the rehabilitation costs of units. RAD helps PHAs maintain the public stewardship of the converted property through clear rules on ongoing ownership and use so units remain affordable.

As a demonstration program, only a certain number of units can be converted through RAD. At the program's creation in 2012, the demonstration was capped at 60,000 units. Congress has acted three times to raise the unit cap: to 185,000 units in 2015, to 225,000 units in 2017, and to 455,000 units in 2018. In fiscal year 2024, Congress also extended the sunset date for the demonstration to 2029.

As of May 2024, 2,205 public housing developments have converted or will soon convert through RAD - a total of 231,681 units.[57] This includes conversions that have closed, have been issued a Commitment of Housing Assistance Payment (CHAP), or have submitted a financing plan to HUD. Of these developments, 67% converted to PBV (144,268 units total), and 33% converted to PBRA (87,402 units total).[58] 175,287 units have completed conversion ("closed") and 54,153 are currently undergoing conversion. An additional

56 Initial contract is 15 years, but could be up to 20 years, from the PBV program, and the initial contract is 20 years for PBRA. Owner must renew each contract and use agreement when they expire.
57 "Convert" means the units have fully converted over to the Section 8 platform. "Will soon convert" means the units have been issued a Commitment to Enter into a Housing Assistance Payments Contract (CHAP).
58 RAD Resource Desk. U.S. Department of Housing and Urban Development (HUD). https://www.radresource.net/pha_data2020.cfm.

128,542 units have been reserved for upcoming RAD conversions, leaving 97,018 unit conversions still available under the current RAD cap. (*See chart below*)

Through RAD, PHAs have leveraged $19.6 billion in construction investment, including initial reserve deposits, as of May 2024. The average cost per unit built or rehabilitated through a RAD conversion was approximately $85,478. Thirteen percent of the funds leveraged went to new construction, 40% went to units that cost less than $25,000 per unit rehabilitation, and 18% of the leveraged funds went to units that cost between $25,001 - $75,000 per unit. Thirty percent of the funding leveraged went to units that cost more than $75,000 per rehabilitation.[59]

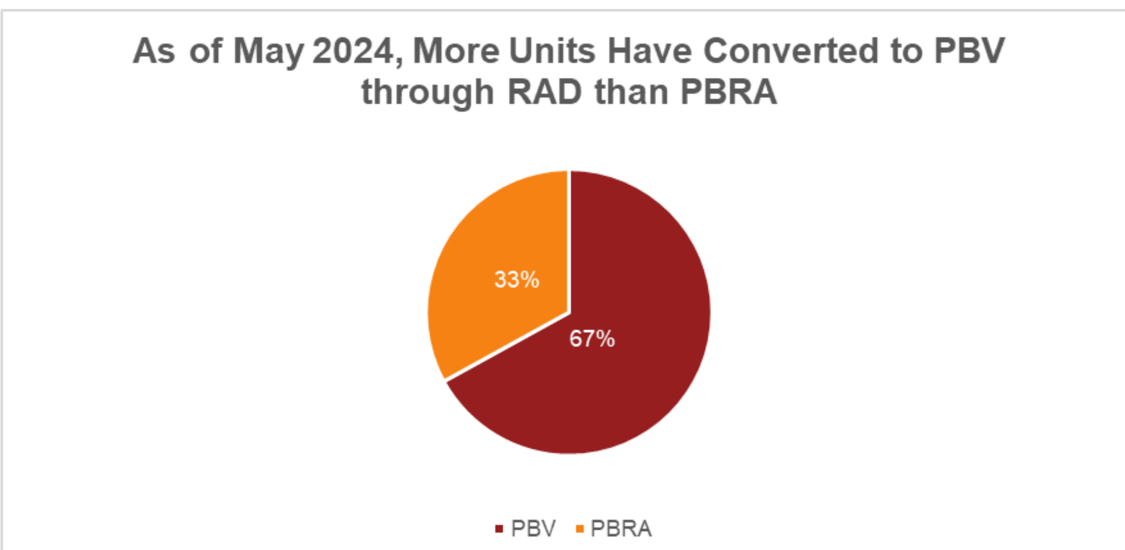
PHAs can also access the Housing Credit to help modernize units converting through RAD units. Of the developments converted through RAD, 683 (or 31%) used a 4% tax credit – totaling 35% of all converted units – and 325 developments (or 15%) used a 9% tax credit – about 10% of all units. Just over 1% of developments used both a 4% and a 9% tax credit – about 2% of all units.

Although RAD transactions have occurred nationwide, certain states have converted more of their public housing portfolio than others. Vermont has converted 70% of its public housing units through RAD, Tennessee 58%, Mississippi 42%, Maryland 40%, and Georgia 37%. The only states that have no RAD units, as of 2024, are Alaska and West Virginia.

Operating Cost Adjustment Factors

HUD provides units that have converted through RAD to PBRA with annual operating cost adjustment factors (OCAFs). OCAFs are calculated as "the sum of weighted component cost changes" for certain publicly available cost indicators. These include state-level and national-level data for a variety of costs including electricity, fuel oil, natural gas, employee benefits, employee wages, goods, supplies and equipment, insurance, property taxes, and water, sewer, and trash.

Recently, certain technical changes in how OCAFs are calculated went into effect. First, in calculating 2024 OCAFs, HUD used data pulled from August of each prior year instead of May to work with more up-to-date data. Second, HUD changed how it calculates the insurance component data source inflation factor for 2023 OCAFs and future OCAFs. In the past, HUD only used the Bureau of Labor Statistics Consumer Price Index, Tenants and Household Insurance Index. HUD now includes data from the Direct property and casualty insurers-Commercial multiple peril insurance series from the Bureau of Labor Statistics, Producer Price Index.



59 RAD Resource Desk. U.S. Department of Housing and Urban Development (HUD). https://www.radresource.net/.

Section 18 and RAD

Section 18 of the Housing Act of 1937 allows for the demolition or disposition of public housing units. Although different from RAD, PHAs can blend a RAD conversion with Section 18 disposition. Section 18 allows for the disposition of public housing units when either the retention of the property is not suitable to the residents of the development, or the conditions adversely affect the health and/or safety of residents. PHAs are also allowed to use Section 18 disposition to provide more efficient or effective low-income housing if disposition is in the best interests of residents and in line with the PHA plan and when non-public housing property can be disposed of without impacting the operation of a public housing project.

As of December 31, 2023, there were 258,749 units of deeply affordable housing that PHAs could develop through the Faircloth to RAD program.

HUD guidance allows PHAs to pair RAD transactions with Section 18 disposition. PHAs that convert at least 75% of the public housing units within a project under RAD can replace up to 25% of the units within the projects through disposition and replace those units with tenant-protection vouchers (TPVs). Section 18/ RAD blends can help agencies make RAD deals pencil out. TPVs often provide higher subsidy levels than those allowed through RAD conversion and, therefore, can support the project's feasibility. The availability of TPVs relies heavily on Congressional appropriations. In fiscal year 2024, Congress appropriated $337 million for TPVs, level funding from fiscal year 2023. PHAs must replace units converted under disposition with PBV units – though these must be newly constructed or substantially rehabilitated units without using 9% Low-Income Housing Tax Credits.

As of May 2024, 162 public housing developments that converted to the Section 8 platform through RAD had a Section 18/RAD blend. This includes conversions that have already closed, as well as conversions where the CHAP has been awarded, or the financing plan has been submitted. Of these 162 developments, 21 converted to PBRA developments (totaling 1,984 units) and 141 converted to PBV developments (totaling 10,657 units).

Faircloth to RAD

In 2021, HUD introduced a new program that allows agencies to build additional units through RAD. Known as "Faircloth to RAD," the program allows PHAs to build additional public housing units using HUD's public housing mixed-finance program with pre-approval to convert the property to a long-term Section 8 project-based contract following construction. This option is only available to PHAs that operate fewer public housing units than their "Faircloth" limits as established by the Faircloth Amendment in 1998. The Faircloth Amendment prohibits HUD from funding the construction or operation of new public housing if additional units exceed the number of units that the PHA owned, assisted, or operated as of October 1, 1999.

A significant number of permanently affordable units have been removed from the public housing inventory since 1999 through Section 18 demolition and disposition as well as RAD. In these cases, if a PHA is operating fewer public housing units than their Faircloth limit allows, the PHA can use Faircloth to RAD to develop additional units through HUD's mixed-finance program and then convert the property to Section 8. As of December 31, 2023, there were 258,749 units of deeply affordable housing that PHAs could develop through the Faircloth to RAD program.[60]

60 Maximum Number of Units Eligible for Capital and Operating Subsidy as of September 30, 2021. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/sites/dfiles/PIH/documents/Faircloth_List_12312023_FINAL.xlsx.

Self-Sufficiency Programs

Public Housing Self-Sufficiency Programs

Resident Opportunities and Self-Sufficiency (ROSS) – The ROSS program helps PHAs provide residents of public housing with supportive services, resident empowerment activities, and assistance in becoming self-sufficient.

The ROSS program received $40 million in funding for fiscal year 2024. Starting in fiscal year 2023, agencies or owners that have converted public housing to project-based rental assistance or other Section 8 programs under the Rental Assistance Demonstration (RAD) can continue or resume operating existing or previously existing ROSS programs. Prior, agencies that converted under RAD were not allowed to continue operating their ROSS programs once the units moved over to the Section 8 funding stream.

Jobs Plus Initiative – The Jobs Plus Initiative allows PHAs to develop locally-based, job-driven approaches to increase earnings and advance employment outcomes through work readiness, employer linkages, job placement, educational advancement technology skills, and financial literacy for residents of public housing. The Jobs Plus Initiative consists of 3 core components: employment-related services like work-readiness training, employer linkages, financial counseling, educational advancement, job placement, and employment counseling; financial incentives, including a 100% income disregard that remains in place for up to 48 months; and community support for work that targets all residents within a public housing development.

The Jobs Plus Initiative received $15 million in funding for fiscal year 2024. The program has received level funding over the last decade.

Family Self-Sufficiency (FSS)

The FSS program is an important, effective, and successful example of how PHAs can help their residents reach self-sufficiency. The FSS program allows PHAs to hire program coordinators that link residents with training opportunities, job placement organizations, and local employers. Residents participating in the FSS program enter into a Contract of Participation where they create a five-or less-year plan to increase their self-sufficiency. Residents may earn escrow credit, based on increased earned income, which can be accessed upon completion of the program. Successful graduation includes becoming and staying employed, becoming independent from Temporary Assistance for Needy Families (TANF), increasing income levels, and achieving the goals included in their Contract of Participation.

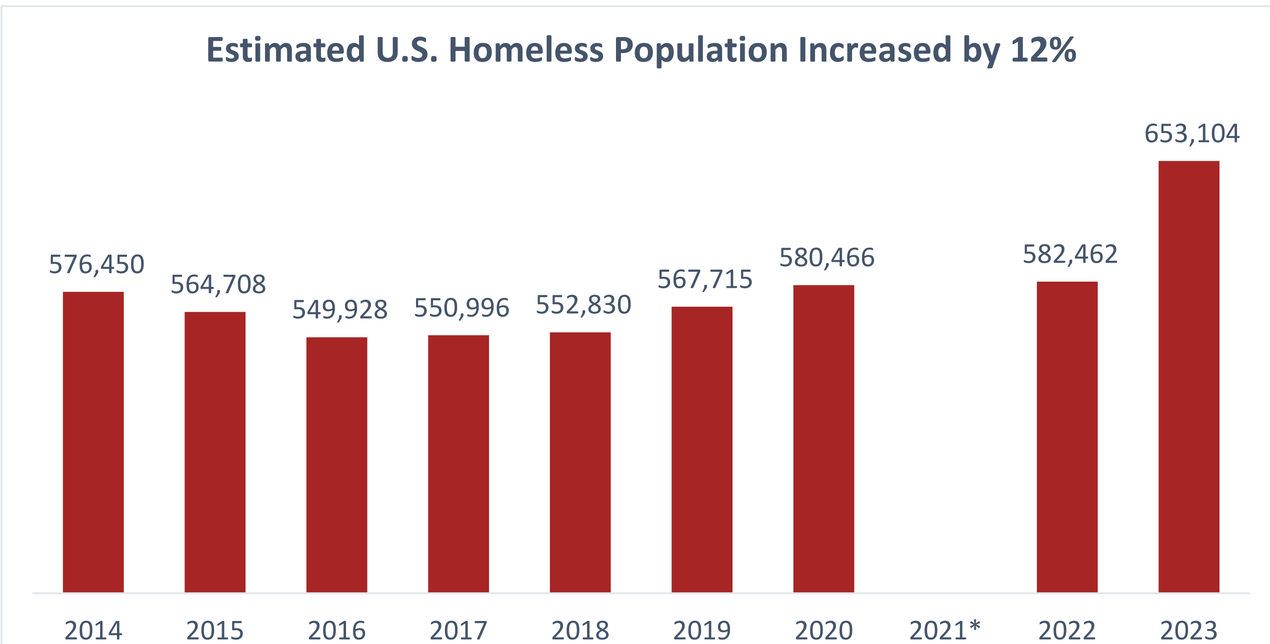
Funding for the FSS program has increased by 88% percent since fiscal year 2018.

Funding for the FSS program has increased by 88% percent since fiscal year 2018. The FSS program received $141 million in fiscal year 2024, $16 million more than fiscal year 2023. HUD has proposed a set of performance metrics, known as the FSS Achievement Metrics, to help PHAs assess and track FSS program performance. Congress has prohibited HUD from making funding decisions based on these metrics since their inception.

Homelessness In The United States

Roughly 653,100 people were experiencing homelessness on a single night in 2023 compared to 582,462 people in 2022.[61] Homelessness increased a staggering 12% since 2022 representing the largest count of homeless individuals since reporting began in 2007. The lack of housing supply and increasing rental costs across the nation is a likely contributor to the increase in homelessness. According to the 2023 Annual Homelessness Assessment Report (AHAR) to Congress, 61% of people experiencing homelessness are sheltered, occupying spaces in safe havens, homeless shelters, or traditional housing. People that experience unsheltered homelessness (those that live in tents, on street corners, in cars, under bridges, etc.) comprise 39% of the total homeless population.

Unsheltered homelessness increased by 20% from 2022 to 2023 and 46% over the last 10 years (175,399 individuals in 2014 compared to 256,610 in 2024). Of those experiencing homelessness, whether it be sheltered or unsheltered, 72% were individuals without children present – a 13% increase from 2022. Families with children experiencing homelessness also rose by 17% compared to 2022 – an increase of 24,966 people.



In December 2022, the United States Interagency Council on Homelessness (USICH), a federal agency tasked with preventing and ending homelessness, released its Federal Strategic Plan with the goal of reducing homelessness 25% by 2025. The plan aligns 19 federal member agencies to focus on strategies to facilitate increased availability of and access to housing, economic security, health care, and stability for all Americans. The plan encourages state and local governments to establish their own goals and provides guidance on how to do so.

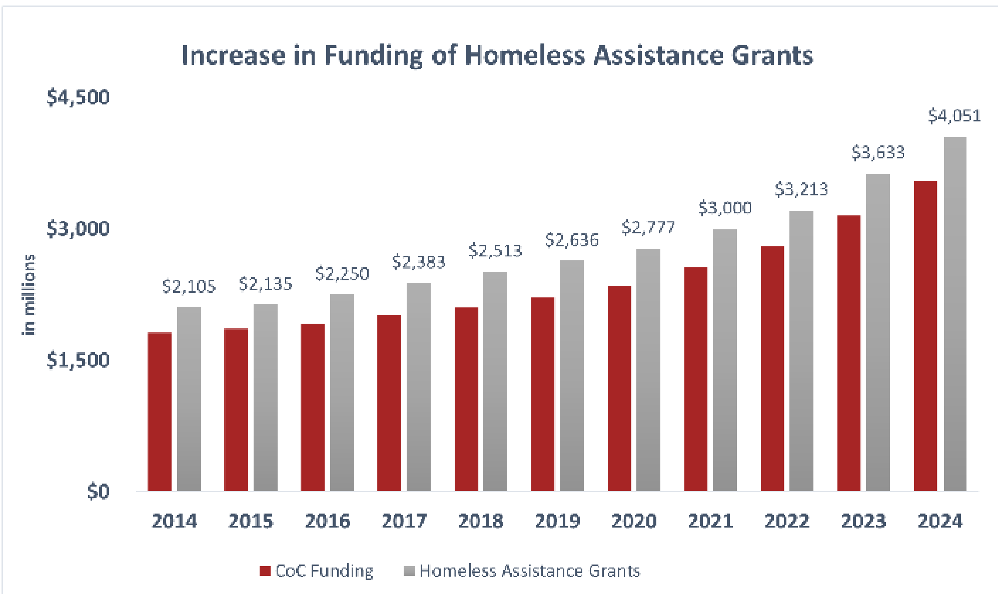
**Note: The data for 2021 does not display the total count of people experiencing homelessness because of pandemic-related disruptions to counts.*

61 The 2023 Annual Homelessness Assessment Report (AHAR) to Congress. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf.

Homeless Assistance Grants

Established in the 1980s through the McKinney-Vento Homeless Assistance Act, Homeless Assistance Grants have evolved over the past 40 years with increased funding administered by HUD and increased responsibilities for grantees. These grants include the Emergency Solutions Grants (ESG) program, Continuum of Care (CoC) program, Rural Housing Stability (RHS) program, and funding for the Homeless Management Information System (HMIS).

The CoC Program, which makes up a large portion of Homeless Assistance Grants, has the targeted goal of ending homelessness through community-based solutions, such as counseling services, recreational activities, housing support, and healthcare. Funding is provided by HUD to nonprofit organizations and state and local governments who work to rehouse individuals and families. The program is meant to support homeless populations reach self-sufficiency. In the past decade, funding for CoCs has grown by almost $2 billion. In fiscal year 2012, Congress appropriated approximately $1.59 billion to CoCs – by fiscal year 2024, that amount had grown to $3.544 billion. Funding for fiscal year 2024 saw a $394 million increase from fiscal year 2023.



Veterans Experiencing Homelessness

The number of veterans experiencing homelessness declined from over 74,000 in 2011 to 35,574 in 2023. Although serious progress has been made in decreasing homelessness for this population over the past decade, 2023 saw a 7% increase in veterans' homelessness compared to 2022, or an increase of 2,445 veterans. Of the total veterans experiencing homelessness in 2023, 56% were sheltered and 44% were classified as unsheltered. HUD estimates that the number of veterans experiencing homelessness is 52% lower than it was in 2009.

Federal funding for veterans is provided through the Department of Veterans Affairs (VA), Department of Labor (DOL), and HUD. The VA and HUD collaborate to reduce veteran homelessness through the HUD-VASH program. The program provides rental assistance as a special-purpose (HUD-VASH) Section 8 voucher. While additional federal programs exist, HUD-VASH has been an exceptionally critical program for homeless veterans.

Community Development Programs

Community Development Block Grants

The Community Development Block Grant (CDBG) program, currently one of the largest community development programs within HUD, provides flexible funding to states and localities to implement activities and services that benefit low- to moderate-income (LMI) people. The program was established in 1974 through the Housing and Community Development Act. Over the years, various subprograms have been created, all with the core goal of supporting communities. Currently, there are 11 different subprograms which include: CDBG-CARES Act (CDBG-CV), CDBG Disaster Recovery Program (CDBG-DR), CDBG Mitigation Program (CDBG-MIT), CDBG Entitlement Program, CDBG State Program, Section 108 Loan Guarantee Program, CDBG Insular Program, CDBG HUD Administered Non-Entitled Counties in Hawaii Program, State CDBG Colonias Set-Aside, the Recovery Housing Program (RHP), and the Neighborhood Stabilization Program (NSP). Defined objectives of the program are to benefit LMI communities, prevent or eliminate slums, and/or address conditions within communities that pose an immediate health or safety risk. Of these subprograms, most CDBG funding goes to the CDBG Entitlement Program, which provides funding to local governments for urban community development for LMI people. Program entitlement communities meet specific criteria such as being a principal metropolitan city (largest city in a given metropolitan statistical area), cities with populations of 50,000 or greater, and urban counties with populations equal to or greater than 200,000.

The CDBG program is funded through the Community Development Fund (CDF) within the federal appropriations budget. Funding for the program has fluctuated over time, however, it has been funded at relatively level amounts over the past six years.

In addition to yearly allocations provided by Congress, the program has certain amounts that are set aside each year. This includes $7 million for insular areas and ensuring that grants for tribal areas comprise at least 1% of the total appropriated amount.

A unique aspect of the CDBG program is the broad flexibility grantees have in spending their CDBG funds.

A unique aspect of the CDBG program is the broad flexibility grantees have in spending their CDBG funds. There are a range of eligible activity categories including acquisition, demolition, and disposition of real property, economic development, housing related activities, public improvements planning and administrative activities, and public services. Of these categories, public service activities are the most limited by law, capped at 15% of the total CDBG allocated amount, plus any income of the previous year generated through the program. The expenditure cap was added and expanded upon by Congress in the 1980s as a way to prioritize physical development over services. Public service activity expenditures are more commonly used within the CDBG Entitlement Program compared to other areas of the CDBG program. This may be attributed to statutory caps and the existence of alternative options for funding service activities from other CDBG grantee types (i.e., CDBG State Program grantees or CDBG Insular Program grantees).

HUD proposed a major regulatory update to the CDBG program in 2024. The proposed rule, titled "Submission for Community Development Block Grant Program, Consolidated Plans, and Indian Community Development Block Grant Program Changes," was published on January 10, 2024. The proposed rule would revise the CDBG program in an effort to make it easier for recipients to promote economic development and recovery in LMI communities and support investments in underserved areas. The proposal would be the first update to the CDBG and Section 108 programs since the 1990s. The proposed rule would revise national objective criteria (low to moderate income criteria—creating and retaining jobs), public benefit standards and the closeout process, as well as simplify documentation of national objectives criteria compliance, and revise and add new definitions to provide clarity.

HOME Investment Partnerships Program

The HOME Investment Partnerships (HOME) program, which provides funds to states and localities to create and improve affordable housing projects for low- and very low-income households, was established in 1990. In recognizing a severe need for "decent, safe, sanitary, and affordable living environments for all Americans," the program provides flexible uses of funds to achieve its intended goals. Uses of the funds by participating jurisdictions may vary from the rehabilitation of owner-occupied housing to providing assistance to home buyers, acquiring, rehabilitating, or constructing rental housing, or providing tenant-based rental assistance. Like many other HUD programs, the HOME program has a set of requirements and guidelines that participants must follow.

A major part of the program focuses on targeting income groups, specifically those who are defined as households with annual incomes at or below 80% of area median income (AMI). For rental housing and tenant-based rental assistance, income restrictions are at or below 60% of AMI for 90% of occupants within a given project. These restrictions are meant to boost the supply of housing for individuals within these income levels who struggle to find adequate housing.

Funding for the HOME program has fluctuated, decreasing over time. From the 1990s to 2011, funding varied roughly between $1.5 to $2 billion. However, since 2012, funding for the program has fallen below that range. Between fiscal years 2012 and 2022, total funds allocated for the program averaged $1.1 billion. From fiscal years 2018 to 2021 appropriations for the program were higher than the 10-year average, ranging between roughly $1.25 billion to $1.36 billion. From fiscal years 1998 to 2011, the HOME budget had never been less than $1.5 billion, averaging $1.76 billion over 13 years with the highest amount in fiscal year 2004 at just over $2 billion. The HOME program saw a decrease of $25 million in fiscal year 2024 appropriations, totaling $1.25 billion. Given the current lack of affordable housing stock in the United States, funding for the HOME program is more critical than ever.

While appropriations for the HOME program mainly fund formula grants, the program has traditionally received funds for set-asides as well. Since 2012, set-aside funding has been drastically reduced,

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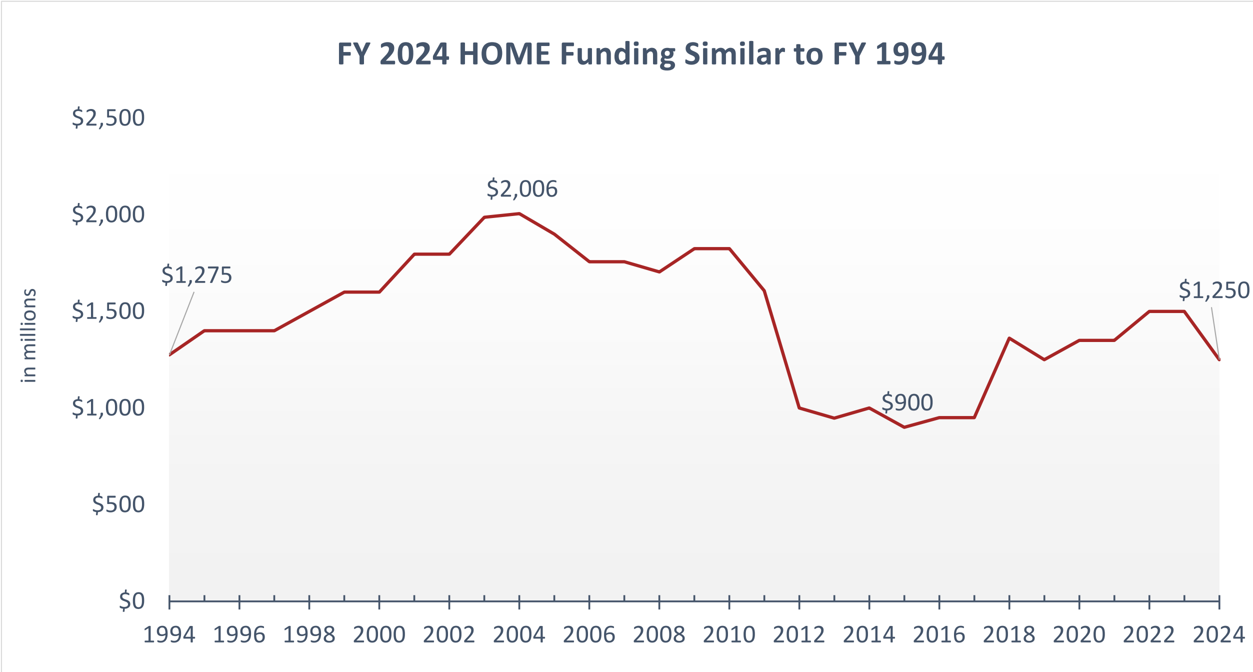


being used only to fund formula grants for insular areas. These consist of Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa. In previous years, set-aside funding had been used for housing counseling initiatives and down payment assistance through the American Dream Downpayment Initiative (ADDI), which aimed to increase homeownership among low-income populations. The program was funded from 2003-2008. Today, down payment assistance is not included as a set-aside, but rather an eligible use of HOME funds. In 2009, Congress also approved a separate program account for housing counseling, removing it from HOME.

While appropriations for the HOME program mainly fund formula grants, the program has traditionally received funds for set-asides as well. Since 2012, set-aside funding has been drastically reduced, being used only to fund formula grants for insular areas. These consist of Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa. In previous years, set-aside funding had been used for housing counseling initiatives and down payment assistance through the American Dream Downpayment Initiative (ADDI), which aimed to increase homeownership among low-income populations. The program was funded from 2003-2008. Today, down payment assistance is not included as a set-aside, but rather an eligible use of HOME funds. In 2009, Congress also approved a separate program account for housing counseling, removing it from HOME.

Housing Opportunities for Persons with AIDS (HOPWA)

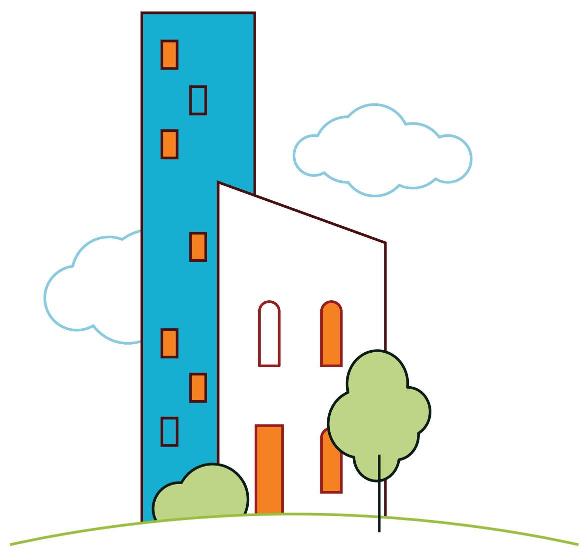
The Housing Opportunities for Persons with AIDS (HOPWA) program was created to provide housing assistance and support for low-income individuals with HIV and AIDS. The program was established in 1990 through the passage of the AIDS Housing Opportunity Act and received its first appropriations in 1992. It first funded 39 jurisdictions, which included 27 cities, 11 states, and Puerto Rico. Today, there is funding throughout 41 states as well as Puerto Rico and the District of Columbia. Funding for the program has also gradually increased over the years. Between fiscal years 2018 to 2024, HOPWA appropriations increased by $130 million. In fiscal year 2024, the program received one of its highest appropriations of $505 million. Grantees of the program include states, local governments, and nonprofit organizations. The bulk of the program consists of funding for formula program grants (90%) with the rest meant for competitive program grants (10%). Formula program grants target metropolitan areas with populations over 500,000 and states with HIV/AIDS cases of 2,000 or more.

While Housing Trust Fund amounts are higher than any other year preceding 2021, 2024 still represents a major drop from the 2022 record-breaking allocation.

Housing Trust Fund

The Housing Trust Fund (HTF), established by the Housing and Economic Recovery Act of 2008 (HERA), provides grants to states for the production and preservation of affordable housing. Allocations for the program were first distributed in 2016. These funds are prioritized for activities and expenses such as real property acquisition, site improvement, relocation assistance, planning costs, demolition, financing, and operating costs for rental housing. All HTF units are required to have a minimum 30-year affordability period. These grants are prioritized to assist some of the most vulnerable individuals and families in need of affordable housing with grantees of the program required to use at least 75% of the funds for extremely low-income (ELI) households. The Housing Trust Fund is the only major community development program not funded through annual appropriations. Rather, it is funded through Fannie Mae and Freddie Mac, who use earnings from mortgages purchased by private lenders to back the program. These entities are required by HERA to contribute 4.2 basis points (0.042%) for each dollar earned from the purchased mortgages to the HTF and the Capital Magnet Fund (CMF). Of those contributions, 65% are required to go to the HTF program.

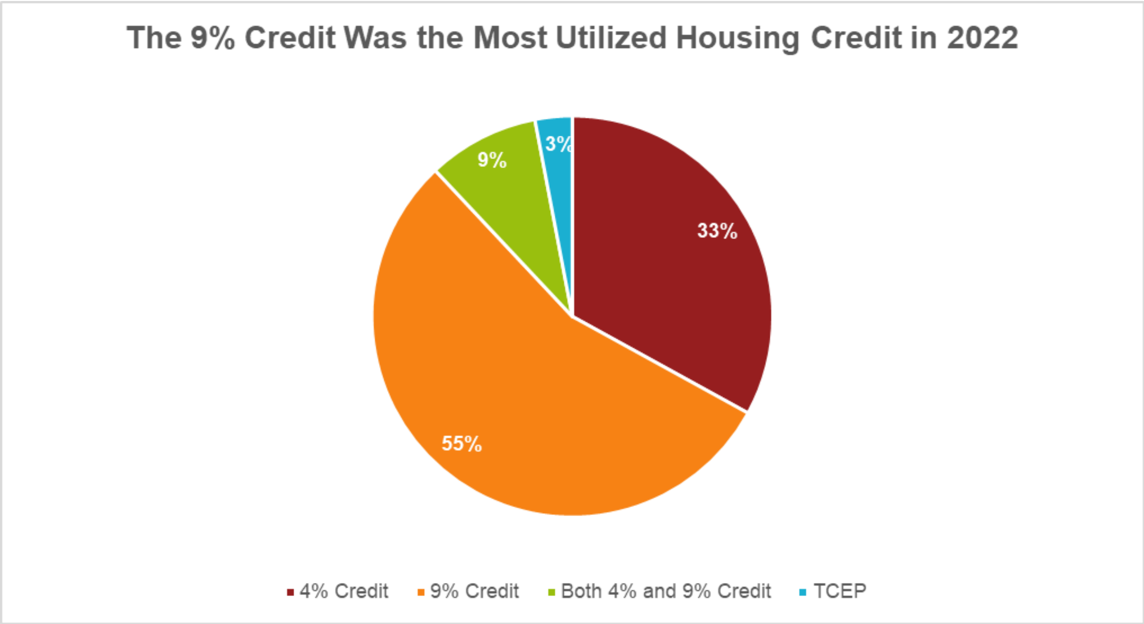
The program has seen increases in funding each year from 2016 to 2022, with the first allocation starting at a little over $173.5 million. By 2021, the program allocation grew to $692.8 million and rose even higher to $748.9 million in 2022. These amounts more than doubled from previous years, which reflected an increase in funds received through mortgages purchased by Fannie Mae and Freddie Mac in 2020. In 2023, funding decreased dramatically from the previous year to $354 million—a decrease of more than $394 million. In 2024 the decrease continued with an estimated $324 being made available for HTF. While HTF amounts are higher than any other year preceding 2021, 2024 still represents a major drop from the 2022 record-breaking allocation.



Low-Income Housing Tax Credit

The Low-Income Housing Tax Credit (Housing Credit) is one of the United States' most successful tools for encouraging private investment in the creation and preservation of affordable rental housing. The Housing Credit is administered by the Department of the Treasury (Treasury) and is not a direct subsidy but rather a tax credit that can be used to offset a tax liability. In 2020, the Joint Committee on Taxation estimated $11.6 billion in foregone tax revenues due to Housing Credit allocations for 2024.

Owners or developers of projects receiving the Housing Credit must meet specific tenant income requirements and a gross rent test to ensure the developments serve low- to moderate-income households. There are two types of Housing Credit: the 4% Housing Credit and the 9% Housing Credit. According to HUD data, as of 2022, 33% of Housing Credit properties utilized the 4% tax credit, 55% utilized the 9% tax credit, 9% utilized both, and 3% utilized the tax credit exchange program (TCEP) only.[62] A provision in the American Recovery and Reinvestment Act of 2009, the TCEP provided agencies the ability to exchange certain allocations for cash from the Treasury. The TCEP only provided additional funding for projects that received the Housing Credit in the 2007, 2008, or 2009 federal fiscal years.



Overall, the total amount of projects that utilized the 4% housing credit increased by 3% from 2021-2023, and the total amount of projects that utilized the 9% housing credit increased by 5%. Projects that utilized both credits or the TECP only each decreased by 3% overall.

62 Characteristics of LIHTC Properties, Properties places in Service through 2020. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal/Datasets/lihtc/LIHTC-2020-Tables.pdf.

To qualify for Housing Credits, development plans must meet two tests - an income test and a gross rent test.

Each year, the federal government allocates credits to states based upon each state's population. State Housing Finance Agencies (HFAs) receive these credits and then use Qualified Allocation Plans (QAPs) to distribute credits to developers. Developments utilizing 4% Housing Credits do not need to obtain a separate tax credit allocation from the state HFA, making them easier to obtain. However, the 4% Housing Credit requires additional financing beyond the tax credit, through private activity bonds.

Private activity bonds are tax-exempt bonds that are issued by or on behalf of a local or state government or authorized HFA for the purpose of providing special financing benefits for qualified projects – including low- and moderate-income multifamily development. Each year the federal government imposes an annual limit on the number of private activity bonds that each state can issue. This is known as the state bond volume cap. The volume cap is based on the state's population and is allocated into various pools for different eligible activities under state law.

To qualify for housing credits, development plans must meet two tests – an income test and a gross rent test. Developers have three options to meet the income test, either the 20-50 test, the 40-60 test, or the average income test. For the 20-50 test, at least 20% of the units must be occupied by individuals with incomes at 50% or less of the area's median gross income adjusted for family size. To meet the 40-60 test, at least 40% of the units must be occupied by individuals with incomes at 60% or less of the area's median gross income, adjusted for family size. To meet the average income test, at least 40% of the units must be occupied by tenants with an average income of no greater than 60% of average median income, and no individual tenant can have an income exceeding 80% of average median income. Developments must also meet the gross rents test. This means that rents may not exceed 30% of the elected 50% or 60% of area median gross income.

Developers can use the Housing Credit to construct or rehabilitate apartment buildings, single-family dwellings, duplexes, and townhouses; and developments may include more than one building.

Impacts of the Housing Credit

As of 2022, there were 53,032 Housing Credit projects with a total of 3.65 million units.[63] Of these projects, 61% were new construction, 37% were rehabilitated projects, and 2% were both. This division of construction type remained consistent since 2021. The majority of Housing Credit units are either 1-bedroom or 2-bedroom units, 35% and 39% of total Housing Credit units respectively. Six percent of Housing Credit units are studios, 18% are three-bedroom units, and 3% are four-bedrooms or more. Of Housing Credit developments, 12% contain 1-10 units total, 8% contain 11-20 units, 35% contain 21-50 units, 24% contain 51-99 units, and 21% contain 100 or more units (*see chart on page 33*).

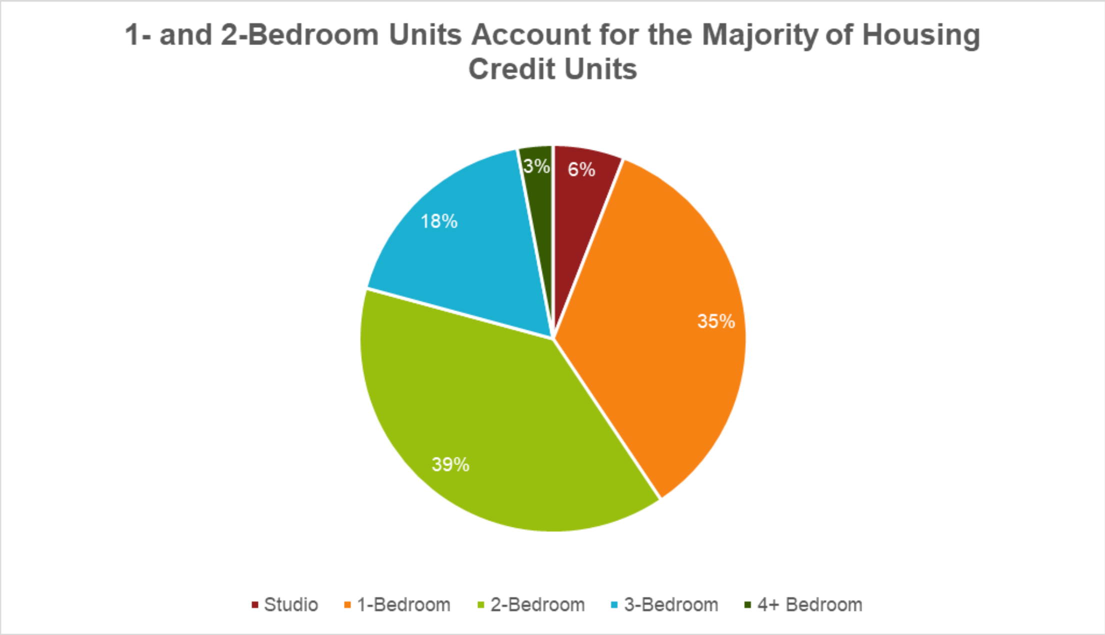
Of the developments that specified serving targeted populations in HUD's data, 16,990 developments (62%) targeted families, 8,936 developments (42%) targeted elderly individuals and households, 5,079 developments (27%) targeted disabled individuals, and 2,682 (16%) targeted homeless populations.[64]

Improving the Housing Credit

Currently, several proposals exist to improve the Housing Credit. The Affordable Housing Credit Improvement Act (S. 1557 and H.R. 3238), a bipartisan proposal introduced in the past four congresses, would critically increase the per capita amount of the credit and its ceiling. The bill would do this by increasing housing credit allocations by 50% over current levels and lowering the threshold of Private Activity Bond financing from 50% to 25%, which would greatly increase the financial feasibility of the 4% credit. The bill would also increase the credit for certain projects designated to serve extremely low-

63 Low-Income Tax Credit (LIHTC): Property Level Data. U.S. Department of Housing and Urban Development (HUD). https://www.huduser.gov/portal/datasets/lihtc/property.html.

64 Based on the data, not all developments specified whether they targeted certain populations or not. NAHRO's tabulations only compare developments that specified whether they target specific populations or not, and each comparison is specific to that targeted population (i.e., not all developments that specified they target families indicated whether they target elderly households or not).



income households, and increase the population cap for difficult development areas, including areas with high construction, land, and utility costs relative to area median gross income. Lastly, the bill would simplify and align existing tax credit rules.

The Tax Relief for American Families and Workers Act (H.R. 7024), which, as of this report, has passed the House of Representatives but has stalled in the Senate, also includes important improvements to the Housing Credit. The bill would restore the 12.5% increase in Housing Credit authority which expired after a temporary four-year increase (2018 – 2021). This would boost the 9% Housing Credit authority by 12.5% for calendar years 2023, 2024, and 2025. The bill also would establish a lower tax-exempt bond financing requirement for developments financed with the 4% Housing Credit, so long as the multifamily Housing Bonds triggering those credits have an issue date prior to 2026. The bill would lower the bond financing test from its 50% level under current law to 30%. These proposed improvements to the Housing Credit would greatly increase its impact and allow an estimated 200,000 affordable units to be built.

Proposed changes to the bond volume cap could also make 4% tax credits more widely available. Changes include increasing the bond volume cap and expanding bond recycling, which would allow bonds whose proceeds are needed only for a short time to be reused after they are paid back. Additional changes could also include allowing state to state redistribution of bond volume cap, exempting affordable housing bonds from the bond volume cap, and establishing a special allocation on bond volume cap with automatic carryforward for PHAs.

Proposed improvements to the Housing Credit would greatly increase its impact and allow an estimated 200,000 affordable units to be built.

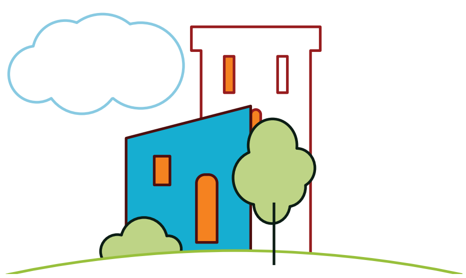
Conclusion

Systemic underinvestment in affordable housing directly contributes to the nation's growing affordable housing needs. Years of insufficient funding for housing programs has exacerbated this crisis by failing to provide adequate options for low- and middle-income families. Lack of housing supply, rising rents, tight rental markets, increased insurance premiums, and federal inflation factors that do not keep pace with rising costs on the ground all contribute to the growing need for additional federal support of rental assistance and community development programs.

Community development programs have proven to be critical resources in helping cities and states build strong, vibrant communities and address homelessness, however the need is increasing. In the past year, homelessness in the United States rose by a staggering 12% – at least partially due to a lack of housing supply and rising rental costs. The Homeless Assistance Grants program and Continuums of Care play vital roles in providing essential support and resources to individuals and families experiencing homelessness. However, more must be done.

Significant investments in new construction and preservation are needed to meet growing housing demand. It is becoming increasingly challenging for families that receive a Housing Choice Voucher to find a unit that they can rent due to current rental markets and limited housing supply. At the same time, the public housing capital needs backlog continues to grow. Programs like the Rental Assistance Demonstration, Project-based Vouchers, and the Housing Credit help increase and preserve affordable housing units. Critical investments in public housing can help ensure existing units remain available. Improvements to the Housing Credit included in the yet-to-pass Affordable Housing Credit Improvement Act and the Tax Relief for American Families and Workers Act can make the program more effective in incentivizing affordable housing development. Continued support for the HOME Investments Partnership program can help fill a much-needed gap in financing affordable housing construction.

Addressing these challenges requires coordinated efforts from Congress, policymakers, and stakeholders in the housing sector to prioritize federal affordable housing initiatives, allocate sufficient funding, and implement effective strategies to increase housing supply and affordability. Additional tools that allow for creative, local solutions can help housing and redevelopment agencies better assist families find stable housing in neighborhoods across all communities.



The programs included in this report have been instrumental in helping families access affordable housing and remain stably housed. The work completed by public housing agencies and redevelopment agencies is critical. Continued support of these programs is necessary as we face new affordability challenges across the country.

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About NAHRO

NAHRO, established in 1933, is a membership organization of more than 26,000 housing and community development providers and professionals throughout the United States. NAHRO members create and manage affordable housing for low- and middle-income families and support vibrant communities that enhance the quality of life for all. NAHRO members administer more than 3 million homes for more than 8 million people.

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