



December 11, 2023

The Public Housing Program

The low-rent public housing program—authorized by Section 9 of the U.S. Housing Act of 1937—is the nation’s oldest federal rental assistance program. It offers low-cost apartments for low-income households. While it is arguably the most well-known federal housing program, it is not the largest. The number of units in the program has been declining as properties exit it through demolition, or through conversion to other forms of assistance (primarily via the Rental Assistance Demonstration).

Program Administration and Basics

Public housing properties are owned and operated by more than 3,000 state-chartered local Public Housing Authorities (PHAs). Under the terms of their contracts with the Department of Housing and Urban Development (HUD), PHAs agree to manage their properties subject to federal program rules (including periodic physical inspection), and in return, HUD supplements the low rents paid to PHAs by tenants with federal funding to support the ongoing operation and maintenance of public housing properties.

In order to be eligible to live in public housing, individuals and families (hereinafter, *households*) must be low-income (income at or below 80% of the local Area Median Income [AMI]), and at least 40% of units made available each year must be occupied by households who are extremely low-income (income at or below the greater of 30% of AMI or the federal poverty guidelines). In addition to income eligibility, PHAs may adopt additional screening criteria (e.g., criminal background, rental, or credit history).

Demand for public housing generally exceeds the supply, so there are waiting lists for assistance in most communities. PHAs may set preferences on their waiting lists so that certain types of applicants outrank others and are therefore served first. PHAs may use a lottery or first-come, first-served system for adding names to the waiting lists, with or without preferences. Some PHAs maintain centralized waiting lists; some have property-specific lists. While the public housing program serves all types of households, PHAs may designate certain properties as specifically for persons who are elderly or have disabilities.

Households who live in public housing pay the greater of 30% of their adjusted incomes or 10% of their gross incomes towards their housing costs (rent and utilities), although some may opt to pay market-based flat rents.

Households remain eligible for public housing unless or until their income reaches an over-income limit for a period of time (generally, 120% of AMI for 24 months), at which point they must pay market rent or move. Public housing tenants may be evicted for lease violations, but federal law provides them with enhanced procedural rights.

Property Characteristics

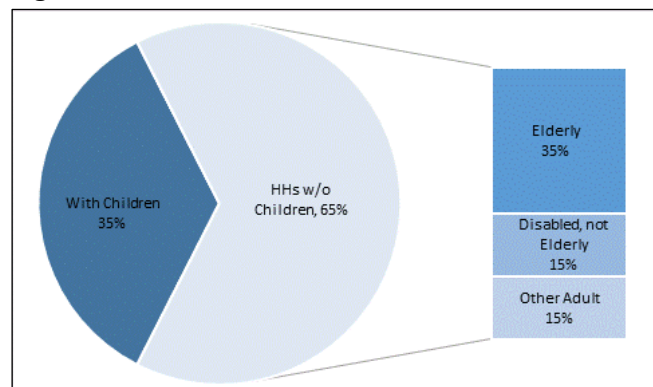
The existing public housing stock comprises nearly 920,000 units in nearly 192,000 buildings. About 2% of all public housing properties are large, elevator structures; however, those structures contain the plurality of public housing units (38%). The remaining 98% of public housing properties are a mix of townhouse/rowhouse, semi-detached, single-family, and walk-up structures that, combined, house 62% of public housing units.

PHAs are prohibited from increasing their number of public housing units above the total they had in 1992, under a provision of law commonly referred to as the Faircloth limit (42 U.S.C. §1437g(g)). The number of public housing units has been declining since that time, as properties age, fall into disrepair, are demolished or sold, or are converted to other forms of assistance. In 1993, there were approximately 1.3 million units of public housing; in 2023, there were just under 920,000 units (860,000 of which were occupied; some of the unoccupied units were slated for conversion, rehabilitation, or demolition).

Household Characteristics

While all household types are eligible for public housing—from single adults to families with children—the demographics of those served can be affected by factors including waiting list preferences set by PHAs, bedroom size configurations of properties, and the designation of properties for special populations. As shown in **Figure 1**, in 2023 roughly 35% of public housing households include children; 65% are households without children. Of the latter, the majority are headed by persons age 62 or older. Over time, families with children have accounted for a smaller share of assisted households; in 2012, according to HUD’s Congressional Budget Justifications, families with children accounted for 40% of all public housing households.

Figure 1. Head of Household Characteristics, 2023



Source: Prepared by CRS based on HUD Resident Characteristics Report data, accessed June 2023.

Funding

The public housing program receives federal funding through two primary formula grants, both within the Public Housing Fund account: operating fund grants, designed to make up the difference between what tenants pay in rent and the costs of maintaining and operating properties; and capital fund grants, meant to help fund major modernization needs. The largest share of federal funding provided in annual appropriations acts for public housing is for operating grants; for example, in FY2023 operating grants were funded at \$5.1 billion, while capital grants were funded at \$3.2 billion. Smaller amounts of additional funding may also be provided via the Public Housing Fund account for add-on grants, such as for safety and security needs, for addressing lead-based paint or other health hazards, or to respond to disasters.

Table 1. Public Housing Fund, FY2019-FY2023
(nominal dollars in billions)

FY2019	FY2020	FY2021	FY2022	FY2023	Change
\$7.29	\$7.81	\$7.81	\$8.45	\$8.51	+17%

Source: Table prepared by CRS. Figures do not include COVID-19 emergency supplemental appropriations.

Special Initiatives

There is a significant backlog of unmet capital needs in the public housing stock; estimates range from \$30 billion-\$70 billion in needed repairs. At the same time, annual funding for public housing capital fund grants is generally in the range of \$2 billion-\$3 billion. **The Rental Assistance Demonstration (RAD)**, created in 2012, is designed to allow PHAs to raise private capital to repair and renovate their public housing properties. Public housing undergoing a RAD conversion is removed from the stock of public housing, and instead becomes privately owned by the PHA and/or a partner entity. Instead of receiving federal capital and operating grants, the property receives federal rental subsidies through the Section 8 project-based rental assistance or Housing Choice Voucher (project-based voucher) program. Current law authorizes the conversion of up to 455,000 public housing units under RAD; as of November 2023, approximately 200,000 units had been converted.

The **Jobs-Plus Initiative** began as an experiment in the mid-1990s to test whether supportive services and rent incentives provided at scale in a public housing development could improve the economic well-being of residents. Some positive findings from that experiment led Congress to fund the Jobs-Plus Initiative annually beginning in FY2014. PHAs that receive Jobs-Plus grants use those funds to offer employment-related services, financial incentives, and community support for work at specific public housing developments. HUD has awarded 56 Jobs-Plus grants to PHAs since FY2014.

Choice Neighborhoods, first funded in 2010 as the successor to the HOPE VI Revitalization of Distressed Public Housing program, provides competitive grants to PHAs to fund the revitalization of distressed public housing developments and their surrounding communities. (The program primarily provides grants for public housing,

although some funding is made available to revitalize other HUD-assisted multifamily housing.) The program awards both planning grants—which PHAs can use to develop revitalization plans with community stakeholders—and implementation grants that can be used for redevelopment costs, as well as supportive services and community infrastructure to benefit residents.

First authorized in 1996, the **Moving to Work (MTW)** demonstration allows a limited number of participating PHAs to receive waivers of federal rules and regulations governing the HCV and public housing programs. In 2016, the program was expanded by up to 100 PHAs. The 38 original participating PHAs can receive waivers of most federal rules and regulations; the PHAs added under the 2016 expansion may receive waivers of a more limited set of program rules and regulations, designed to test improvements of specific program aspects, such as landlord participation, flexibility for small PHAs, and alternative rent models.

Recent Developments

RAD: Recent President's budget requests to Congress have requested that the cap on RAD conversions be lifted, the program be made permanent, and several additional changes be made to facilitate an increase in the number of public housing properties undergoing RAD conversions.

Inspection Changes: In response to concerns raised by some in Congress, the HUD Office of Inspector General, and the Government Accountability Office, HUD undertook a multiyear process to revise its inspection protocols across its rental housing programs to increase their focus on health and safety and create more consistency across programs. The new National Standards for the Physical Inspection of Real Estate (NSPIRE) protocols went into effect for public housing in July 2023.

P.L. 117-169 Funding: While P.L. 117-169, commonly known as the Inflation Reduction Act, included no funding specifically for public housing, the law did fund a number of tax credit and grant programs designed to support residential energy efficiency modernization. Some of these funding sources may be available to PHAs for public housing, depending on the program, the circumstances of the properties, and decisions made by states and localities.

HOTMA Implementation: In 2016, Congress passed the Housing Opportunity Through Modernization Act (HOTMA; P.L. 114-201), which made a number of changes to the way income and rents are calculated in the public housing and other rental assistance programs. In February 2023, HUD published a final rule to implement the outstanding HOTMA changes. Most of the final rule's changes affecting income and rent were to take effect January 1, 2024. However, HUD has since informed PHAs that, given the system upgrades they will need to make to implement the new HOTMA requirements, they will have extra time (until no later than January 1, 2025), to come into full compliance.

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