March 11, 2021

An Agenda for the Future of Public Housing

By Will Fischer, Sonya Acosta, and Anna Bailey

The nation’s public housing is a vital source of stable, affordable homes for more than 900,000 low-income households, of which a large majority have incomes below the poverty line and more than 70 percent are headed by a person of color. Public housing can deliver major benefits to the people it serves, not only helping them keep a roof over their heads but also potentially acting as a platform for services that improve other aspects of their lives and contributing to reinvestment and improved conditions in surrounding neighborhoods. But much of the nation’s public housing stock requires a new set of policy approaches to realize this potential, including large increases in federal funding. Without these changes, living conditions — already unsafe and unhealthy in too many properties — will likely worsen and more developments will deteriorate to the point where residents are forced to move.

There has long been a pressing need to reinvest in public housing so it can better serve its residents, but recent events have made the urgency of doing so more apparent. The pandemic and economic downturn highlight the importance of providing safe, stable homes for the lowest-income people (who are disproportionately likely to have health conditions that make them vulnerable to COVID-19) and of preserving and adequately funding developments like public housing that play that role. In addition, the heightened attention on racial injustice underscores the close link between the challenges facing public housing today and a long history in which governmental policies segregated many public housing developments and the surrounding neighborhoods, and then denied those developments and neighborhoods needed resources. Lastly, the accelerating pace of climate change makes it more imperative that policymakers promptly invest in the energy efficiency of public housing and protect or relocate developments that are exposed to rising flood risk.

The Center on Budget and Policy Priorities and the Urban Institute launched the Future of Public Housing initiative to develop a federal policy agenda to address the challenges facing the current public housing stock. In 2019 and 2020, we co-hosted convenings of public housing agencies, residents, and other stakeholders and experts to discuss this topic. Those convenings demonstrated consensus around the urgency of preserving public housing as a source of affordable homes for the

---

1 This paper benefitted from data analysis and research assistance by Erik Gartland, Alicia Mazzara, and Madeline Youngren, from input and feedback by Susan Popkin, Diane Levy, and other staff at the Urban Institute, and the insights of participants in the Future of Public Housing convenings.
lowest-income people and improving its effectiveness in serving residents. They also identified a set of ideas for achieving those goals, many with broad stakeholder support.\(^2\)

Reflecting that input, this paper presents an agenda of nine sets of policy proposals. These fit into three categories, which could be broadly characterized as focusing on buildings, neighborhoods, and people (all intended to better serve current and future residents). The first set of proposals (1-4 in the list below) would provide resources and other support to renovate public housing buildings and maintain them going forward. The second set (5-7) would aim to address the history of segregation and disinvestment in the neighborhoods where public housing is located by improving conditions in those neighborhoods and broadening options for public housing residents and other low-income people to live in a location they choose. Finally, the third set of proposals (8 and 9) would strengthen supports for residents and make public housing more inclusive.

1. **Upfront renovation funding.** Provide $70 billion (or as much of that amount as possible) in public housing capital funds through an infrastructure package or other legislation to address unmet renovation needs in public housing.

2. **Adequate ongoing public housing funding.** Increase ongoing subsidies through the public housing operating and capital funds to ensure that local public housing agencies consistently have sufficient funds to operate, maintain, and repair developments that remain in the traditional public housing program.

3. **Improved Section 8 conversion option.** Improve the Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (RAD) — which gives agencies the option to convert public housing developments to long-term project-based Section 8 assistance — to provide higher subsidies and stronger protections for long-term affordability and resident rights. (Or alternatively, create a new conversion program that incorporates those improvements.) Limit removal of public housing through options (such as “demolition and disposition”) that don’t provide those protections.

4. **Making policies work at small housing agencies.** Ensure that funding and policy changes work for families and communities served by small agencies, by providing stronger technical assistance, oversight, and support for coordination among agencies.

5. **Investment in public housing neighborhoods.** As part of a broader effort to improve conditions in neighborhoods that surround public housing, evaluate the impact of Choice Neighborhoods Initiative (CNI) revitalization grants for distressed housing developments, improve resident protections under the initiative, and moderately raise CNI funding (with larger increases contingent on evaluation results).

6. **Expanded housing choice for residents.** Give public housing residents broader choice about where they live through improved implementation of the RAD choice-mobility option and other measures.

7. **Using replacement public housing units to address historical inequities.** Make it easier to replace public housing units that were lost in the past (those beneath the “Faircloth limit”)

---

by allowing replacement units to receive long-term project-based Section 8 subsidies. Use replacement to address historical inequities in the location of public housing.

8. **Improved services for residents.** Develop and fund a new model to make services broadly available to public housing residents and other rental assistance recipients.

9. **Fairer access to public housing.** Develop a new framework for providing access to public housing for people who have struggled with substance use or have been involved with the legal system, such as people who have been arrested, incarcerated, or convicted.

These proposals focus on the existing public housing program — specifically on preserving, improving, and replacing public housing that is in place today or was lost in the past. Due to inadequate funding, public housing and other federal rental assistance reaches only a small fraction of people who struggle to afford housing. New publicly owned or controlled affordable housing can help address the pressing unmet need for rental assistance, as part of a multipronged strategy that
should also include a large expansion of the Housing Choice Voucher program and other measures. But as policymakers consider that broader challenge, they must not lose sight of the urgent challenges facing the existing public housing stock and the more than 1.8 million people who call it home. (See Figure 1.)

Providing Healthy, Stable, Affordable Housing

Many of the most pressing challenges facing public housing stem from decades of federal underfunding. A large, sustained investment of federal funds is needed to improve living conditions and enable developments to continue to provide decent, stable, affordable housing to the people they serve. This investment should include substantial upfront funding to address the backlog of unmet renovation needs and reliable ongoing subsidies tied to strong tenant protections.

Upfront Renovation Funding

Proposal

- Provide $70 billion (or as much of that amount as possible) in upfront grants through supplemental public housing capital funding to address the backlog of unmet renovation needs in public housing.

Background

The most important action policymakers can take to put public housing on a sounder footing is to provide large-scale, upfront federal capital funding. These funds would preserve developments that are now at risk of loss and address unhealthy conditions such as lead hazards, faulty plumbing, broken elevators, inadequate or missing air conditioning in hot climates, and heating systems that don’t work in the winter.

They could also fund renovations that would improve residents’ quality of life in other ways, for example by making more units accessible for people with disabilities and the growing population of seniors aging in place. In many developments, investment could sharply improve energy and water efficiency, reducing utility costs for residents and the federal government and lowering emissions of greenhouse gases and other pollutants.

Local agencies could also use funds to demolish and replace developments where that is the best option, for example because the development has already deteriorated to the point where preservation isn’t feasible, or because rising flood risks or other factors make the current site unsuitable.

It is difficult to estimate exactly how much added capital funding is needed. The most recent national assessment, in 2010, estimated the backlog of unmet needs at $26 billion.3 If that figure is adjusted to reflect inflation and an estimated accumulation of new needs, offset by the federal funds spent to address capital needs since 2010 and the reduction in the number of public housing units, the backlog would stand at about $40 billion in 2021. But the 2010 study left out major categories of

costs, and other data indicate that the need is likely considerably higher.\footnote{The estimate in the 2010 study understated total needs in multiple ways, including: (1) it included costs of repairing or replacing existing systems but not those for reconfiguring outdated units, a significant need in buildings that were built as far back as the 1930s and may lack central air conditioning, have rooms that are too small, or be inadequate by modern standards in other ways; (2) it included costs for making just 5 percent of units accessible to people with disabilities when the need for accessible units is often higher, especially for developments targeting seniors; (3) it included costs for lead paint abatement but not for removal of lead in water pipes; (4) it covered costs for energy and water efficiencies only if they were estimated to pay for themselves through lower utility bills within 12 years or less, leaving out investments that pay for themselves over longer periods or where part of the benefit comes through reduced emissions of greenhouse gases or other pollutants; and (5) it included no added costs for relocating or adapting developments located on floodplains or sites that are unsuitable for other reasons.} For example, a 2017 assessment found that the New York City Housing Authority (NYCHA), which administers 17 percent of the nation’s public housing, alone faced $32 billion in capital needs over five years.\footnote{STV AECOM PNA, “Physical Needs Assessment 2017,” prepared for New York City Housing Authority, March 25, 2018, https://www1.nyc.gov/assets/nycha/downloads/pdf/PNA%202017.pdf.}

Another source of information on capital needs is HUD’s Rental Assistance Demonstration (RAD), an initiative established in 2011 that allows agencies to convert some public housing to long-term project-based subsidies through Project-Based Rental Assistance (PBRA) and the project-based voucher (PBV) component of the Housing Choice Voucher program — both sometimes referred to as Section 8 after the section of the U.S. Housing Act that authorizes them.\footnote{For additional information on these two subsidy types, see CBPP, “Policy Basics: Project-Based Vouchers,” updated March 1, 2017, https://www.cbpp.org/research/housing/policy-basics-project-based-vouchers; and CBPP, “Policy Basics: Section 8 Project-Based Rental Assistance,” updated November 15, 2017, https://www.cbpp.org/research/housing/policy-basics-section-8-project-based-rental-assistance.} (“Project-based” subsidies are tied to a particular building through a long-term contract, unlike the more common “tenant-based” vouchers, which can be used in a unit of a family’s choice in the private market.) RAD Section 8 subsidies make it easier to obtain private loans to finance renovations, as discussed further below, but these loans typically only cover a portion of a project’s capital need. Projects converted under RAD through the end of October 2018 required $73,000 in upfront funding per unit beyond the amount covered by loans.\footnote{This $73,000 figure includes funds that projects received from the capital fund and other public housing streams, investor equity (which is largely provided in exchange for Low-Income Housing Tax Credits), and other federal, state, or local affordable housing funds. On average, projects received an additional $49,000 per unit in loans leveraged using future RAD Section 8 subsidies. If they had not been able to obtain those funds, they would have needed additional upfront funding. Dennis Stout et al., “Evaluation of HUD’s Rental Assistance Demonstration (RAD): Final Report,” prepared for U.S. Department of Housing and Urban Development, October 22, 2019, p 45, https://www.urban.org/research/publication/evaluation-huds-rental-assistance-demonstration-rad-final-report.}

This experience likely provides a more realistic indicator of public housing capital needs than projections based on the 2010 study. The units that converted under RAD are not necessarily representative of the remaining stock, but it is not clear that the remaining units would have systematically higher or lower need.\footnote{Housing agencies have converted projects with a wide range of need levels under RAD, including 14 percent of conversions through October 2018 that required new construction (often to replace housing that had to be demolished), 59 percent that required some level of rehabilitation, and 27 percent that involved no construction or significant rehabilitation. (Stout et al., op. cit.) Some housing agencies have been unable to use RAD for their highest-need projects because RAD subsidies are not sufficient to make rehabilitation financially feasible without large subsidies from other sources, but, on the other hand, some agencies opt not to convert low-need projects because they conclude that existing public housing subsidies are adequate to sustain those projects.} Providing an amount of upfront funding similar to the $73,000

---

\footnote{6} Some housing agencies have been unable to use RAD for their highest-need projects because RAD subsidies are not sufficient to make rehabilitation financially feasible without large subsidies from other sources, but, on the other hand, some agencies opt not to convert low-need projects because they conclude that existing public housing subsidies are adequate to sustain those projects.
received by RAD projects (adjusted for inflation) for the remaining public housing units would require $77 billion.

The main vehicle for providing this upfront renovation funding should be the federal Public Housing Capital Fund, which currently provides modest grants each year to all agencies administering public housing and can be used both for projects converting under RAD and for those that remain in the traditional public housing program. CBPP recommends providing $70 billion in supplemental capital fund grants (or as much of that amount is feasible) through an infrastructure package or other legislation.

Agencies can also use other federal housing development programs and state and local funding to help renovate public housing, but these programs are unlikely to address more than a small share of the need. The federal Low-Income Housing Tax Credit (LIHTC), by far the largest outside source of non-public housing funds to address public housing capital needs, provided $3.28 billion for RAD projects converted from September 2013 to September 2017 — an important contribution, but modest compared the total backlog of unmet renovation needs.9

Moreover, there are major advantages to delivering most new funds through the Public Housing Capital Fund. The full amount provided would go to public housing, and all public housing agencies would receive funds even if their state has historically prioritized goals other than public housing when allocating other housing resources. In addition, the capital fund is a familiar resource that could be used relatively easily even by agencies with limited affordable housing development capacity, and a large infusion of capital funds would give many agencies the option to preserve public housing while retaining full public ownership of the property. By contrast, LIHTC is used for many purposes other than public housing revitalization, involves complex transactions that can add costs and delays and can be challenging for small agencies or those with limited experience developing affordable housing, and requires agencies to transfer ownership of a project to a private investor.

Nonetheless, LIHTC and other affordable housing programs will continue to be needed to help address capital needs in some projects. Particularly if policymakers do not provide the full $70 billion in public housing capital funding recommended above, it will be important to look for ways to substantially increase the contributions these programs make. Proposals to expand LIHTC and the National Housing Trust Fund (NHTF) would make additional resources available that could be used in part for public housing revitalization.10 One particularly important proposal would expand LIHTC and target some of the added credits on units that assist and are affordable to families with extremely low incomes (defined as those with incomes below the federal poverty line or 30 percent of the local median, whichever is higher). Most public housing residents meet that income

---


10 For example, proposals to expand both programs were included in the “Moving Forward Act,” H.R. 2., approved by the House of Representatives on July 1, 2020. NHTF funds can only be used for public housing units that are part of a Choice Neighborhoods Initiative grant, that also receive a LIHTC allocation, or that will be converted under RAD. (24 CFR 93.203.)
requirement, so this set-aside could encourage states to provide more LIHTC credits to public housing.\textsuperscript{11}

**Sustainable Ongoing Funding**

*Proposals*

- Increase ongoing subsidies through the Public Housing Operating Fund and Capital Fund so agencies consistently have sufficient funds to operate, maintain, and repair developments that remain in the traditional public housing program.

- Allow agencies to convert developments to long-term project-based Section 8 assistance with higher subsidies and stronger protections for resident rights and participation and long-term affordability than those in RAD today, and limit removal of public housing through options (such as “demolition and disposition”) that don’t provide those protections.

*Background*

In addition to upfront funding to address the renovation backlog, public housing also needs increased ongoing subsidies to keep the buildings in good condition and meet residents’ future needs. That funding should be available in two ways:

- First, for developments that remain as traditional public housing, the federal government should consistently appropriate 100 percent of the subsidies that agencies are due through the Public Housing Operating Fund and enough for the Public Housing Capital Fund to cover new renovation needs and establish replacement reserves (which are routine in well-managed privately owned housing) to address future needs as they arise.\textsuperscript{12}

- Second, housing agencies should have the option to convert developments to long-term project-based Section 8 subsidies with adequate funding and strict rules ensuring that residents’ rights are protected and projects remain affordable housing for the long run.

Including a carefully designed option to convert to project-based Section 8 subsidies is important, in part because history suggests that simply committing to adequate funding for the existing operating and capital funds may not be enough to ensure that developments receive sufficient funds to maintain and preserve them going forward. Policymakers have previously raised public housing funding temporarily (for example in 2009 and 2010) only to let it drop back to inadequate levels.

Over the longer term, the federal government has proven far less willing to adequately fund public housing than Section 8. From 2000 through 2019, public housing funding dropped 17 percent in inflation-adjusted terms, while inflation-adjusted spending on the PBRA and voucher programs rose 45 percent to cover higher market rents and an increase in the number of households with vouchers.


\textsuperscript{12} Agencies’ ability to establish replacement reserves has been limited by a requirement that they spend capital funds within four years unless HUD grants them an exception. The 2016 Housing Opportunity Through Modernization Act would allow agencies to accumulate some capital funds as replacement reserves that are not subject to that limit, but HUD has not published regulations needed to implement that provision.
At the end of that period, the average funding provided per household in public housing was more than 15 percent below the average subsidy in the PBRA and voucher programs. This lower funding level is likely a major reason why public housing units are more than twice as likely to be in severely inadequate condition than units assisted through the other programs.\(^\text{13}\)

![Figure 2](https://www.cbpp.org/sites/default/files/atoms/files/2021-08/figure2.png)

This long history strongly suggests that converting public housing to project-based Section 8 subsidies would make it more likely that subsidies will grow over time to keep pace with inflation and better meet the needs of developments and their residents, ultimately preserving more housing stock. In cases where developments need more capital resources to address renovation needs, Section 8 subsidies also make it easier to borrow private funds and use LIHTC, partly because lenders and investors recognize that Section 8 is a more reliable source of subsidies. Importantly, however, Section 8 conversion doesn’t require agencies to use private financing or shift to private ownership or management, and can be carried out simply to provide a project with more reliable subsidies. Section 8 has long assisted some publicly owned projects, and many projects that have

---

been converted under RAD to date have remained under the full control of the same housing agency or a different public entity.\textsuperscript{14}

Today, agencies can convert public housing to Section 8 in several ways, but none is entirely adequate to meet the needs of developments and their residents.

- By far the most widely used approach is RAD, which lets agencies convert units to project-based vouchers or PBRA with relatively strong protections for tenant rights and long-term affordability. But RAD subsidies initially can’t exceed the public housing subsidies the project received previously, with the result that (even though they grow more steadily over time than public housing subsidies) they are still often too low to meet a project’s needs. In addition, the number of public housing units that can be converted under RAD is currently capped at 455,000 units (including 145,000 that have already been converted), so even if subsidy levels were increased most remaining public housing units could not be converted unless policymakers raised that cap.\textsuperscript{15}

- Other options, such as demolition and disposition under Section 18 of the U.S. Housing Act and voluntary conversion under Section 22, let agencies replace some public housing with tenant protection vouchers.\textsuperscript{16} The vouchers provided under these options are often better funded than RAD subsidies and can be project-based in existing developments, but since this project-basing is optional they can result in a significant reduction in the number of units in a community that are set aside as long-term affordable housing. In addition, these options come with fewer federal protections for tenants, although agencies can voluntarily adopt stronger protections. Moreover, they only apply to developments that meet certain criteria, so as with RAD, they can’t reach substantial portions of the public housing stock.

Some agencies have sought to combine the benefits of the two approaches by converting some units in a development under RAD and some under a disposition. In January 2021, HUD issued a

\textsuperscript{14} Of developments that converted under RAD, for example, a majority have retained public ownership even though that means that they are unable to use LIHTC. Many of those developments nevertheless have been able to fund significant rehabilitation using other resources, such as available public housing funds or private loans (to be paid back with RAD Section 8 subsidies in the future). Housing agencies can only transfer RAD projects to private ownership for the purpose of using LIHTC, and fewer than 41 percent of RAD projects converted through October 2018 used LIHTC. Some 27 percent of RAD projects converted solely to obtain more reliable ongoing subsidies and didn’t fund rehabilitation or replacement (Stout \textit{et al.}, op. cit.), and many of these likely used neither LIHTC nor privately financed mortgages. As noted in the text above, a large infusion of capital fund grants would enable more projects to address capital needs without private financing if they wish to do so.

\textsuperscript{15} In addition to the 145,000 units that have already been converted under RAD, another 189,000 are in the pipeline for conversion, leaving 121,000 remaining slots under the 455,000 cap. U.S. Department of Housing and Urban Development administrative data downloaded on August 24, 2020 from https://radresource.net/pha_data.cfm.

\textsuperscript{16} Only a portion of units removed under these options are replaced with tenant protection vouchers, in part because HUD only issues replacement vouchers for units that were occupied in the previous 24 months. For example, HUD reports that in fiscal year 2019, 8,626 public housing units were removed through demolition, disposition, voluntary conversions, and two less-common mechanisms (required conversion and declaration of trust release). But that year, HUD awarded fewer than 6,400 public housing replacement vouchers, for a net loss of more than 2,000 units. HUD, “Fiscal Year 2021 Annual Performance Plan and Fiscal Year 2019 Annual Performance Report,” February 10, 2020, p. 43, https://www.hud.gov/sites/dfiles/CFO/documents/HUD_FY2021_APP_FY2019_APP_Final_2-10-20.pdf; HUD, “Announcement of Tenant Protection Voucher Funding Awards for Fiscal Year 2019 for the Housing Choice Voucher Program,” Federal Register, Vol. 85, No. 53, March 18, 2020, pp. 15489-15493, https://www.federalregister.gov/documents/2020/03/18/2020-05648/announcement-of-tenant-protection-voucher-funding-awards-for-fiscal-year-2019-for-the-housing-choice.
notice supporting this approach by making it easier to obtain approval of a disposition of 20 to 60 percent of units in a project where other units will be converted under RAD. The tenant protection vouchers for the units covered by these dispositions are then project-based, and commendably HUD generally requires that all units in projects converted in this manner be subject to RAD’s protections for tenant rights and long-term affordability.

This approach also allows agencies to receive somewhat more funding (because 20-60 percent of the units would receive project-based tenant protection vouchers that often have substantially higher subsidies than those provided for RAD units), but this is usually much less than they could receive if all of the units received funding comparable to typical non-RAD Section 8 subsidies, and still too little to sustainably fund many public housing developments. In addition, the number of units that can be converted in this manner is limited by the number of tenant protection vouchers policymakers fund in appropriations legislation each year.

Federal policymakers should make a conversion option available for all public housing units that brings together adequate funding and strong tenant and affordability protections. This could be an entirely new option, but it may be more straightforward to build on RAD’s existing framework. To achieve this, policymakers would need to eliminate the cap on the number of RAD conversions and allow subsidies to exceed the project’s previous public housing subsidies. (Post-conversion subsidies could then be considerably higher than those permitted under RAD today, but like other Section 8 subsidies would still be subject to other limits based on market rents in the local area.)

In addition, RAD’s protections should be retained and strengthened in several respects, including, for example, requiring more meetings with residents throughout the RAD process, providing legal and technical assistance to help residents engage effectively, adding more specifics to a requirement that housing agencies maintain the public interest when they transfer ownership to a private entity, narrowing the limited but potentially substantial exceptions to RAD’s requirement that public housing units be replaced on a one-for-one basis, and strengthening HUD monitoring of compliance with tenant protections and management of properties after they have been converted.

Finally, at the same time they act to support conversion of public housing tied to strong tenant and affordability protections, policymakers should place tighter restrictions on options that let agencies remove public housing without ensuring those protections. This should include reassessing measures HUD instituted in recent years that eased criteria for demolition and disposition out of the public housing program without the protections that apply to RAD and allowed certain small agencies to voluntarily convert properties to vouchers without demonstrating that they meet the criteria that such conversions normally have to meet.

---


Support for Families and Communities Served by Small Housing Agencies

Proposal

• Provide technical assistance and support coordination among housing agencies to ensure that funding and policy changes work for families and communities served by small agencies.

Background

About 22 percent of public housing units are administered by more than 2,100 small agencies, defined as those with a maximum of 550 total public housing and voucher units. Any set of policies for the future of public housing should be designed so that it benefits the families and communities those agencies serve, in addition to those served by larger agencies.

This should include ensuring that small agencies can access resources to address their renovation backlogs and sustainably fund developments going forward. For example, through October 2018 small agencies had converted a substantially smaller share of their units under RAD than medium or large agencies had, and research has found that small agencies converting under RAD are less successful at obtaining financing. Agencies could more easily obtain financing if they received it through relatively simple mechanisms, such as the capital fund grants proposed above. In addition, HUD should provide more technical assistance to help small agencies finance and complete major rehabilitation projects, and ensure that financial arrangements with lenders and investors adequately protect the agencies’ interests and those of the families and communities they serve.

HUD should also provide stronger support to help agencies work together so that small agencies can pool resources with each other or with large agencies, an approach that could enable small agencies to both operate more efficiently and give families broader choices about where to live. This should include maximizing the degree to which agencies can streamline reporting and administration by forming consortia that merge some aspects of agencies’ operations and by helping agencies form shared waiting lists that let families easily apply for public and other subsidized housing throughout a metropolitan area or state. HUD should promptly implement a provision of the 2018 Economic Growth Act that requires the department to make available software and procedural guidance to facilitate building these waiting lists.

A subgroup of small agencies has encountered particularly severe difficulties, failing to manage their units adequately and maintain them in even minimally decent condition and in some cases ultimately receiving designation as troubled agencies. HUD should institute robust monitoring policies to identify troubled agencies (both large and small) before conditions deteriorate too far. In addition, it should make greater use of its extensive statutory authority to impose remedies when

---

19 This is the definition used in the Small Public Housing Authorities Paperwork Reduction Act enacted as part of the Housing and Economic Recovery Act of 2008 to identify small housing agencies that the Act relieved of most formal planning obligations. CBPP analysis of 2019 HUD Picture of Subsidized Households data.


agencies are identified as troubled, including the authority to require such agencies to consolidate with other agencies.

**Confronting Segregation and Disinvestment**

The nation’s public housing — most of whose residents have incomes below the poverty line and are people of color — is disproportionately located in areas with high rates of poverty, racial segregation, and low public investment, a result of policy choices that too often are driven by racism and perceptions of the relative political power of low- and high-income communities. (See Figure 3.) More than half of public housing residents live in neighborhoods where at least 30 percent of residents have incomes below the poverty line (often referred to as high-poverty neighborhoods) and the average public housing household lives in a neighborhood where 61 percent are people of color. These shares are far above those for the nation’s population overall or for other federal low-income housing programs. Many neighborhoods where a large share of the population consists of people of color have been neglected by public officials and as a result face challenges such as poor-performing schools, unhealthy environmental conditions, and a lack of amenities such as parks and grocery stores.

The concentration of public housing in under-resourced economically segregated communities of color is the result in large part of discriminatory actions and disinvestment by federal, state, and local governments. During much of the period when the bulk of public housing was constructed, most developments were explicitly segregated by race. Public housing was used extensively to house people of color deliberately displaced by urban renewal projects, and public housing developments were often excluded from predominantly white communities. A range of other federal, state, and local policies prevented people of color from moving to growing suburban areas with predominantly white populations, contributing further to segregation in public housing and surrounding neighborhoods.22 Public officials compounded the problems by not investing in these communities in ways that would have attracted jobs and improved living conditions.

---

Federal policy should enable public housing residents to live in safe, healthy, high-opportunity neighborhoods — and they should be able to do so either by staying in the developments where they live today or by choosing to move elsewhere. Achieving these goals will require substantial federal, state, and local investments and reforms to improve conditions in the neighborhoods where public housing is located, as well as policies that help public housing residents move to a different neighborhood of their choice if they wish to do so. The following are proposals to advance these goals.

**Investing in Public Housing Neighborhoods**

*Proposal*

- As part of a broader effort to improve conditions in neighborhoods that surround public housing, evaluate the impact of Choice Neighborhoods Initiative (CNI) revitalization grants for distressed housing developments, improve resident protections under the initiative, and moderately raise CNI funding (with larger increases contingent on evaluation results).

*Background*

The proposals discussed above to renovate and preserve public housing developments can play an important role in broader efforts to improve conditions in the surrounding neighborhoods, since research shows that investment in high-quality affordable housing can have positive effects on
neighborhood outcomes such as property values and crime rates.\textsuperscript{23} In addition, preserving public and other assisted housing is crucial to ensuring that if neighborhood conditions do improve, current residents and other low-income people are able to benefit from those improvements rather than being replaced by higher-income people.

CNI is the major HUD program designed to address conditions in the neighborhoods around public housing (and other assisted housing) developments. It provides grants primarily for renovating and replacing housing projects with pressing capital needs but it also seeks to improve surrounding neighborhoods, for example by requiring grantees to have a comprehensive plan to address challenges such as inadequate services and poorly performing schools, and by allowing funds to be used for supportive services and neighborhood improvements.

Aspects of CNI’s design are promising. It adds resources that can make redevelopment of high-need projects feasible when RAD subsidies and other funds aren’t adequate on their own, and it could benefit surrounding neighborhoods. CNI seeks to address shortcomings of the HOPE VI public housing revitalization program it replaced, for example requiring one-for-one replacement of subsidized housing units and guaranteeing displaced residents the right to return once development is completed.

Demand for CNI funds has far exceeded the amounts that appropriators have provided. More than 60 entities that received small grants to plan CNI projects have not yet been awarded funds to implement them, but the $200 million the program received in 2021 will only be enough to fund about six CNI implementation grants. Many eligible applicants haven’t even received planning grants.

However, HUD is still in the process of completing an evaluation of CNI’s impact, so it is unclear how effective CNI has been in revitalizing neighborhoods or protecting residents. There are significant questions about the adequacy of its tenant protections, particularly since some stronger protections provided by RAD do not cover projects participating in both CNI and RAD. If, once completed, HUD’s evaluation demonstrates that CNI has been effective at improving the well-being of subsidized housing residents and other low-income people in the neighborhood, policymakers should substantially increase funding for the initiative, with the goal of making grants available to all eligible projects that could benefit from them.

Even before the evaluation is complete, policymakers should raise funding modestly (perhaps to $300 million, enough to fund about ten implementation grants), so that agencies that have already planned CNI initiatives can implement them more promptly. In addition, HUD should apply RAD requirements regarding rehabilitation and other tenant protections to CNI when they are more protective than the current CNI requirements.

Many of the other strategies needed to improve conditions in high-poverty, racially segregated neighborhoods lie beyond the scope of public housing policy. These will include reforms or investments in areas such as policing, fair housing, education, health, environmental protection, and potentially incentives for employment or investment. Researchers have identified promising policies

in many of these areas, while also noting serious shortcomings in some major existing policies (such as the Opportunity Zones tax incentive). Federal, state, and local governments should undertake major, robustly funded initiatives that build on these lessons. Those efforts will necessarily be funded and implemented primarily by organizations and systems that aren’t focused on public housing, but the issues they would address interact with housing challenges in multiple ways, and public housing agencies and residents should be partners in many such initiatives.

**Broadening Choice for Public Housing Residents**

*Proposal*

- Give public housing residents broader choice about where they live through improved implementation of the RAD choice-mobility option and other measures.

*Background*

Public housing residents should have the option to move to a different neighborhood of their choice (or to leave public housing to move to a unit of their choice in the same neighborhood) while still receiving rental assistance. Currently, however, federal policy does more to restrict choice for public housing residents than to support it, since residents generally can’t move out of public housing without losing assistance.

RAD seeks to expand choice through a “choice-mobility” option that allows residents to move to a unit of their choice with the next tenant-based voucher that becomes available after they have lived in a RAD project for one to two years. A HUD analysis indicates, however, that fewer than 1,200 households in RAD developments had moved with a tenant-based voucher from late 2014 through December 2018. This was less than 2 percent of the number of units that had converted to RAD long enough ago that a resident could have become eligible for a voucher.

Early evidence suggests that a portion of RAD residents who don’t use the mobility option simply prefer to remain in their current home — and the renovations funded through RAD often make it more appealing to stay. But the evidence also indicates that a large share of residents would be interested in moving with a voucher but aren’t aware that they have the option do so. In a survey, 49 percent of RAD residents said they would rather move with a voucher than stay in their current unit. (See Figure 4.) Fewer than half of respondents said, however, that they had been told about the choice-mobility option prior to the survey.

---


27 Residents generally become eligible to move with a tenant-based voucher after they have lived in a RAD PBV unit for at least one year or in a RAD PBRA unit for at least two years. By the end of 2018, 76,000 units had been part of RAD long enough that a family could have reached those thresholds — although some of those units may not have been occupied by the same family long enough for that family to qualify. CBPP analysis of HUD data.

28 Stout *et al.*, op. cit.
The number of residents eligible for choice-mobility will grow as more developments convert under RAD. Housing agencies should make the option easier to use and give residents more information about it, and HUD should monitor agencies to ensure they are meeting their obligations. In addition, federal, state, and local policymakers could take many steps to give RAD residents who are issued vouchers access to a wider range of neighborhoods. This should be part of a broader effort to increase housing choice for all households with rental assistance.

In addition, the responsiveness of the choice-mobility option is limited by the fact that demand for housing vouchers far exceeds the supply. When a family in a RAD property receives a voucher using choice-mobility, that frees up a unit for a new, unassisted family from the property’s waiting list, but it also means that unassisted families on the waiting list for tenant-based vouchers must wait somewhat longer. Particularly if the number of RAD units grows sharply over time, this could add considerably to voucher waiting times. For this reason, it would be important that RAD expansion be accompanied by a large expansion of the voucher program — a step that would also have many other benefits.

---


31 Another possible outcome is that RAD residents may have to wait longer to exercise the choice-mobility option. This could occur because under RAD program rules, voucher agencies have the option to delay issuance of vouchers to RAD residents through choice-mobility if a large share of the agency’s vouchers is being used for that purpose.

Replacing Public Housing Eliminated in the Past

Proposal

- Make it easier to replace public housing units that were lost in the past (those beneath the “Faircloth limit”) by allowing new replacement units that get developed to receive long-term project-based Section 8 subsidies. Use replacement to address historical inequities in the location of public housing.

Background

The public housing program includes the option for housing agencies to replace some 240,000 units that were demolished or otherwise removed from the program in the past, often referred to as units beneath the “Faircloth limit.”\(^{33}\) (See Figure 5.) These units could provide an important opportunity to meet a portion of the unmet need for housing assistance. Few agencies, however, have exercised that option, in part because in many cases the only funding available for those units would be public housing operating and capital subsidies that are too low and unreliable to support development of new housing. Policymakers should allow replacement units to have RAD subsidies (or other long-term project-based Section 8 subsidies with strong protections for tenant rights and

---

\(^{33}\) This is the amount by which the number of public housing units that agencies administer is exceeded by their Faircloth limit, which is the number of units the agency administered in October 1999 minus any units converted under RAD. U.S. Department of Housing and Urban Development, “Maximum Number of Units Eligible for Capital and Operating Subsidy (also known as the Faircloth Limit) as of June 30, 2017,” https://www.hud.gov/sites/dfiles/PIH/documents/CY17-Faircloth-Limit-List.pdf.
long-term affordability) attached to them. These subsidies would help agencies finance construction of replacement housing (by providing revenues to pay off loans incurred during construction) and provide reliable subsidies to maintain the housing going forward.\textsuperscript{34}

These replacement units should also be used to address historical inequities in the location of public housing units. Simply supporting replacement of previously lost public housing could lead to much of the housing being built in neighborhoods where there are already large amounts of subsidized housing or where it is relatively easy for families to use tenant-based housing vouchers, and would also replicate inequities in public housing’s allocation among cities (which, for example, tends to favor cities that had large populations in the mid-20\textsuperscript{th} century over those that have grown rapidly since).

Local housing agencies that have plans in place to replace units should be permitted to go forward with them, but policymakers should develop a national system for allocating the remaining units to agencies that propose to use them in ways that would expand housing choice — for example, by providing housing in areas where there are few opportunities for low-income people to rent affordable housing, or in neighborhoods with rising rents and incomes where such opportunities are at risk of disappearing. Policymakers could further support development of replacement housing in such neighborhoods by setting aside a portion of an infusion of capital funds for this purpose (and for preserving the limited number of public housing developments that are already located in those neighborhoods).

\textsuperscript{34} The policy agenda outlined in this paper focuses on preserving, improving, and replacing public housing, and not on proposals to expand rental assistance to address unmet needs through additional vouchers, new public housing, or other measures. We’d note, however, that some proposals have called for permitting development of large amounts of new public housing (including by eliminating the Faircloth limit that currently prevents expansion of public housing beyond replacement of units lost in the past) to further reduce the unmet for housing assistance among low-income people.
Improving Inclusivity and Quality of Life

Improve Services for Residents

Proposal

- Drawing on lessons learned from existing programs and partnerships outside of HUD, develop and fund a new strategy to provide support services to public housing residents and other rental assistance recipients.

Background

Given households’ low average income and where developments are located, public housing residents often lack financial resources for or easy access to the same services available to people with higher incomes or living in resource-rich neighborhoods. By better integrating the delivery of services through public housing and other rental assistance programs, people living in public housing could benefit from a broad range of supports to enable seniors to age in place, help people
live with chronic health problems, assist individuals in successfully reentering the community from prison and jail, provide resources for children and parents, and improve quality of life in other ways.

The need for quality services and supports to allow for aging in place is particularly important given that about a third of households in public housing are currently headed by someone 62 years or older\textsuperscript{35} with a limited or fixed income, and that share is likely to increase over the next decade.\textsuperscript{36} Services for public housing residents are currently provided through a patchwork of several programs, including Resident Opportunities and Self-Sufficiency (ROSS), Family Self-Sufficiency (FSS), Jobs Plus, CNI, and funding for service coordinators provided to certain agencies through operating fund grants. None of those resources, however, is close to adequate to meet the various needs of all public housing residents, and the quality of the services and service coordination they provide is uneven.

A new model to increase access to services for rental assistance recipients — which could incorporate or be integrated with existing programs such as FSS and Jobs Plus — should build on lessons learned from those programs and earlier initiatives to provide services to public housing residents and other people with rental assistance, as well as successful, evidence-based programs targeting other populations with similar needs.\textsuperscript{37} This strategy could include, for example, engaging residents in program design and community outreach; ensuring services are available to all households in a development; and providing mechanisms for residents to support each other, services that support both parents and children, and case management that focuses on building on residents’ strengths.

Free or low-cost services are often funded and delivered through the public health, Medicaid/Medicare, workforce development, human services, seniors/aging, or other systems, but housing agencies can play a valuable role connecting residents to services, and public housing developments may be a convenient, accessible delivery site. In addition, policymakers should facilitate data sharing between housing agencies and entities such as public health agencies, local homelessness continuums of care, and school districts to support effective provision of services while also protecting participants’ privacy.

The services model and accompanying funding should be available to all rental assistance recipients who choose to participate, regardless of which program they receive assistance through. This will be particularly important for residents in developments that convert to Section 8 subsidies; they should not lose services simply because their project switches to receiving another type of subsidy.


\textsuperscript{36} Joint Center for Housing Studies of Harvard University, “Projections & Implications for Housing a Growing Population: Older Households 2015 – 2035,” 2016, \url{https://www.jchs.harvard.edu/sites/default/files/harvard_jchs_housing_growing_population_2016_1_0.pdf}.

**Improve Equity of Access to Public Housing**

*Proposal*

- Develop a new framework for providing access to public housing for people who have struggled with substance use or have been involved with the legal system, such as people who have been arrested, incarcerated, or convicted.

**Background**

Federal and local policymakers should revisit policies that restrict access to public housing for people with histories of involvement with the legal system or who have struggled with drug or alcohol use. This is particularly important because those policies compound the harmful effects of housing discrimination, over-policing of communities of color, and mass incarceration — particularly for Black and Latino people. Improving access to public housing can help prevent recidivism for people leaving jail or prison. It can also support substance use recovery by helping more people access treatment for substance use disorders — health conditions deserving of treatment and support services, not punishment.

Current federal policy provides public housing agencies with significant leeway in deciding how to take into consideration applicants’ and residents’ involvement with the legal system, conviction history, and substance use. As a result, public housing agencies implement a wide variety of screening practices. A number of public housing agencies across the country have implemented more equitable and transparent tenant screening policies, such as reviewing the totality of circumstances around an individual’s contact with the legal system instead of blanket bans. But many other public housing agencies continue to use outdated practices, such as “one-strike” rules that deny or terminate assistance for people who engage in any “criminal activity.” HUD should build on its 2015 and 2016 guidance and update regulations governing public housing admissions and terminations using notice-and-comment rulemaking. Congress should also consider legislation to reduce restrictions on public housing tenants. New policies regarding histories of criminal convictions and substance use among applicants and residents of public housing should:

---


41 Bae et al., op. cit.

• Be rooted in evidence, not stereotypes;
• Promote the health and safety of residents and the communities in which they live;
• Promote the housing agency’s role in connecting residents to services and supports to help them maintain their housing (as described in the previous section);
• Promote the goal of helping people leaving incarceration or treatment facilities for a substance use disorder be successful in the community, including reuniting with their family; and
• Provide clear, transparent policies and procedures that consider applicants’ and residents’ individual circumstances.

Conclusion

Public housing provides stable, affordable homes for more than 900,000 households across the country but is at risk of further deterioration without substantial increases in federal funding. Urgent capital needs have been ignored for too long, jeopardizing the health and safety of residents — most of whom are people of color with incomes below the poverty line. Resources to address the backlog of repairs and renovations need to be coupled with ongoing subsidies to keep the buildings in good condition and meet residents’ future needs. Technical assistance and simple funding mechanisms can help ensure that smaller housing agencies can access resources and financing for maintaining their housing stock.

Increased resources for public housing buildings should also be paired with investments in the surrounding neighborhoods, many of which — due in large part to discriminatory actions and underinvestment by federal, state, and local governments — are home to much higher shares of people of color and people with incomes below the poverty line than the regions around them and have inadequate services and amenities. The existing Choice Neighborhoods Initiative could help revitalize neighborhoods while protecting current residents but needs further evaluation before a major expansion. Improved implementation of the RAD choice-mobility option and other measures to broaden choice are important to ensure public housing residents can move to a different neighborhood of their choice, and replacing lost public housing can help address historical inequities in the location of public housing. Federal policies can help confront segregation and disinvestment and provide public housing residents with viable choices for homes in safe, healthy, and high-opportunity neighborhoods.

In addition to being a potential catalyst for investment in communities that governments and private companies have marginalized, public housing can help connect people to services and supports that people with higher incomes and living in better-resourced neighborhoods already have access to — including services to enable seniors to age in place, help people live with chronic health problems, and improve quality of life in other ways. Existing programs offer lessons in how to provide quality services that center the needs and strengths of individuals. An expansion of services should be accompanied by a reexamination of policies that restrict access to public housing for people with histories of criminal convictions or who have struggled with drug or alcohol use. Such an expansion in accessibility and services combined with the substantial and sustained investments outlined above would help address the current needs in public housing and ensure it will continue to be a source of affordable housing moving forward.