Are Federal Urban Development and Housing Investments Meeting the Need?

A Review of US Department of Housing and Urban Development Funding

Yonah Freemark, Gabe Samuels, Tomi Rajninger, Amanda Hermans, Sam Lieberman, and Teddy Maginn

March 2025

KEY FINDINGS

The presence of **units subsidized by the US Department of Housing and Urban Development (HUD)** is a **strong predictor** of **federal housing spending**; communities without such units received minimal support.

Among the largest metropolitan areas, **Boston, New York City, and San Francisco received the highest share** of HUD funds, adjusted per capita.

Funds from the **Community Development Block Grant** Program tended to **benefit** metropolitan areas with **higher incomes.**

Areas with **higher housing cost burdens** tended **not** to receive **increased housing voucher funds.**

The US is in the midst of a housing crisis, with residents facing rising housing costs and limited supply. Nearly one-half of renters—and a higher share of Black and Hispanic renters—are cost burdened, meaning they spend more than 30 percent of their income on rent.[1] The US Department of Housing and Urban Development (HUD) seeks to strengthen affordability through a mix of programs, the vast majority of which are allocated through formulas that reflect past choices made at the state and local levels. As a result, certain communities consistently receive affordable housing funds—though they do not receive enough to meet the need—while others are left completely behind. We investigate the extent to which recent HUD investments expand housing and community development support to historically underfunded areas.

SUMMARY OF HUD'S MAJOR PROGRAMS

Section 8, which funds project-based support and vouchers residents can use to reduce rents in private-market units, is HUD's largest program (table 1). The agency also distributes funding for public housing operations and capital investment (largely for existing units); development block grants (which cannot be used for housing construction); and homelessness assistance.

TABLE 1

US Department of Housing and Urban Development's Major Programs

Amount awarded in billions of dollars, fiscal years 2022 and 2023

Program	Amount
Housing Choice Voucher Program (Section 8)	$56.4
Section 8 Housing Assistance Payments (project-based)	$28.1
Public Housing Operating Fund	$10.1
Community Development Block Grant Program	$6.6
Public Housing Capital Fund	$6.6
Continuum of Care Program (homelessness assistance)	$5.1
HOME Investment Partnerships Program (affordable housing)	$3.0
Supportive Housing for the Elderly (Section 202)	$1.5
Other grants	$3.1
Total	**$120.5**

Source: Authors' analysis of award announcements as of June 2024.
Notes: Other major HUD programs include Emergency Solutions Grants, Housing Opportunities for Persons with AIDS, Housing Trust Fund, and Section 811 Supportive Housing for Persons with Disabilities.

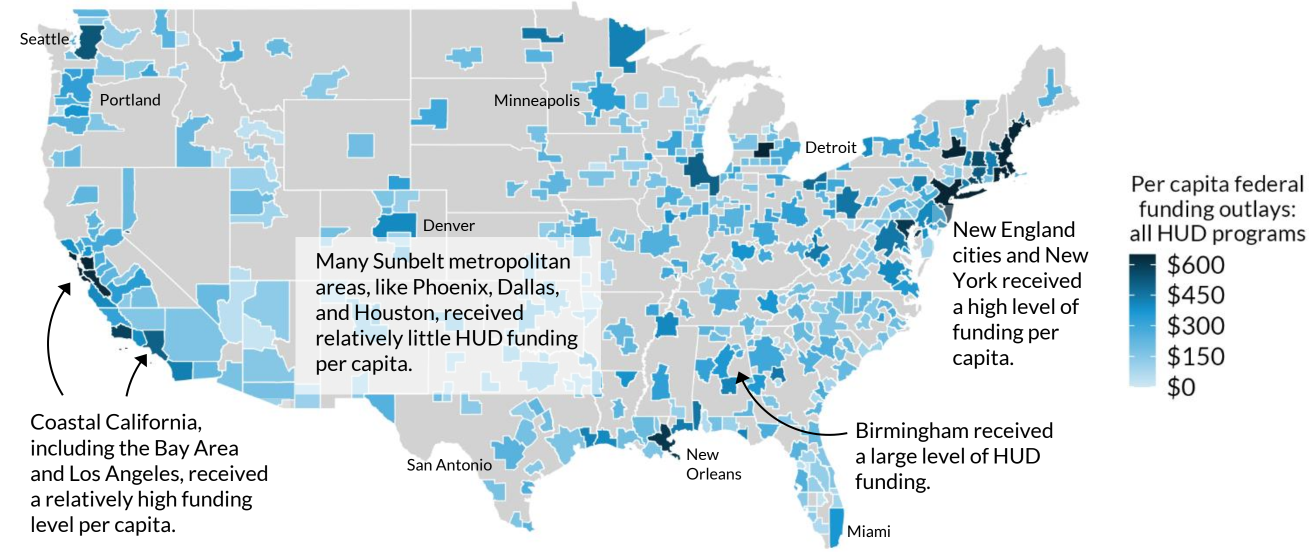
DISTRIBUTION OF HUD'S PROGRAM FUNDS BY METROPOLITAN AREA

Among the major HUD programs, outlays were largely concentrated in populous coastal areas (figure 1, top panel), and in California, parts of the Northeast, and the Chicago region. However, in all of these areas, HUD funding fell short of meeting local housing needs. The major programs were less likely to fund areas in the Great Plains or other Western states, likely because there are few existing HUD-subsidized housing units in those areas; a large share of HUD funds was distributed based on decisions made decades ago about where to build public housing and project-based Section 8 units (Freemark et al. 2023). Voucher distribution (figure 1, bottom panel) followed a similar pattern, although several metropolitan areas, including Atlanta, Chicago, Miami, and Washington, DC, received a higher level of *voucher* funds per capita than *overall* funds relative to other metropolitan areas.

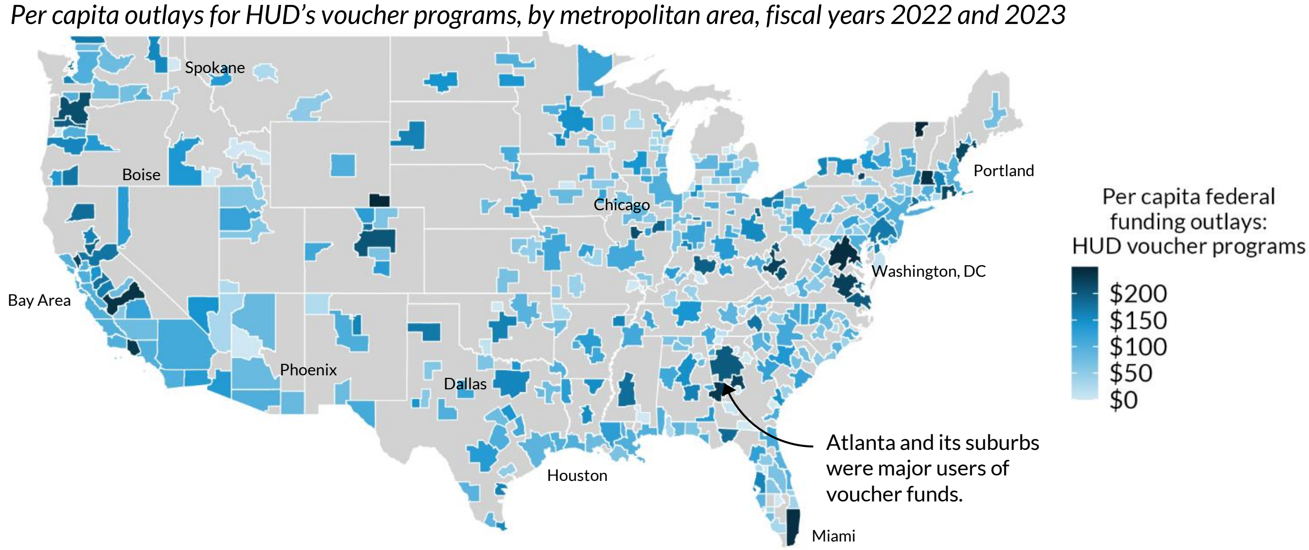
FIGURE 1

HUD's Programs Concentrated Support in Some Metropolitan Areas, Especially on the Coasts

Per capita outlays for all HUD programs, by metropolitan area, fiscal years 2022 and 2023



Per capita outlays for HUD's voucher programs, by metropolitan area, fiscal years 2022 and 2023



URBAN INSTITUTE

Source: Authors' analysis of fiscal years 2022 and 2023 federal awards by census-defined metropolitan area.
Notes: Alaska, Hawaii, and US territories are not mapped. On a per capita basis, total HUD funding for the Anchorage, Honolulu, and San Juan metropolitan areas was $397, $444, and $743, respectively. Voucher funding is primarily Housing Choice Vouchers (Section 8) support.

HOW WAS HUD FUNDING DISTRIBUTED TO THE LARGEST METROPOLITAN AREAS?

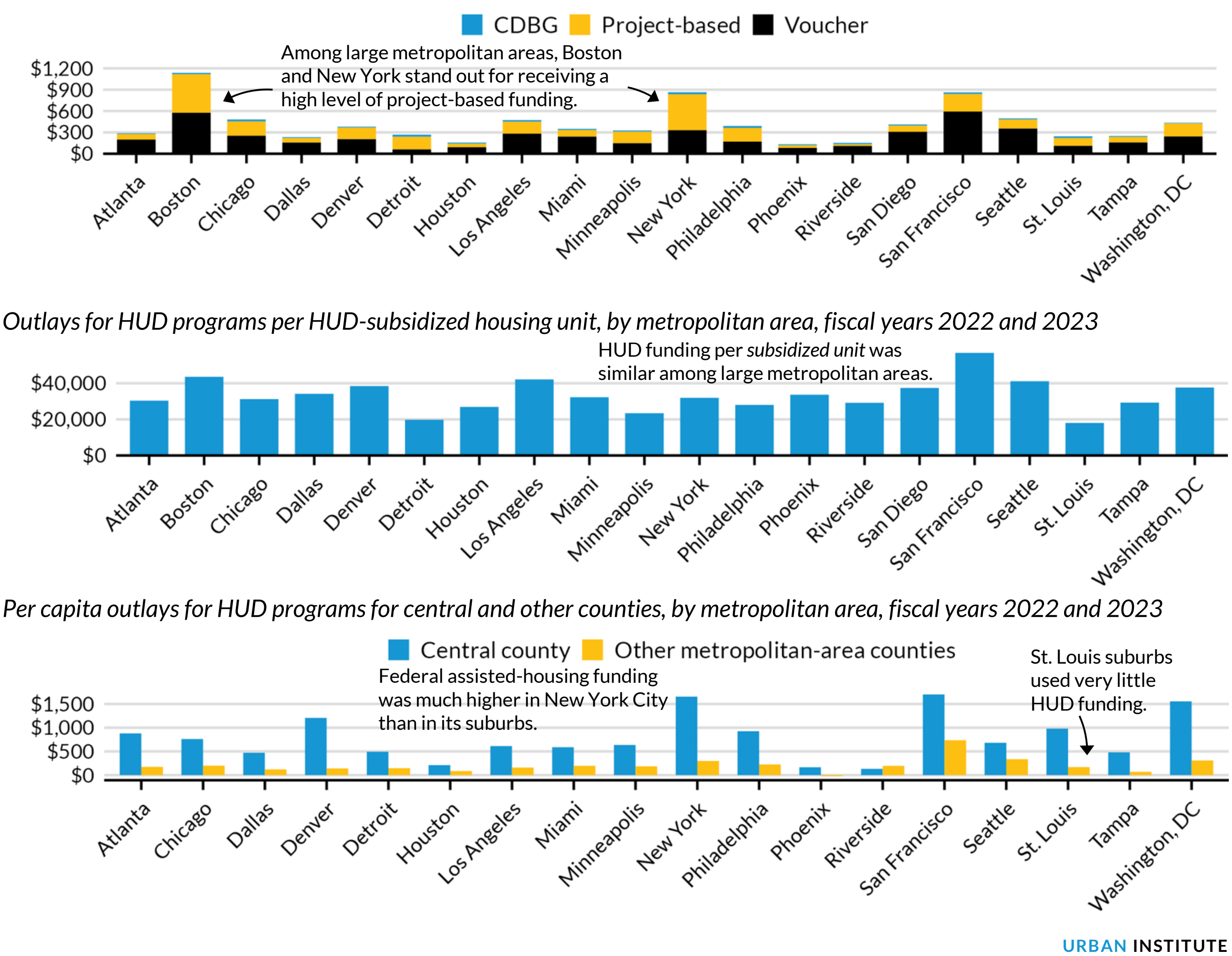
There was significant variation in the amount of HUD funding received by the 20 largest US metropolitan areas (figure 2, top panel). For example, the Boston metropolitan area received the most funding per capita, more than double most other areas, aside from New York and San Francisco. Most metropolitan-area HUD funding was distributed to support the agency's project-based programs (including public housing) and voucher programs, so funding is roughly proportional to the number of such units subsidized by region (figure 2, middle panel).

Within nearly all large metropolitan areas, central counties (those at the core of each region, containing the region's largest city) received more outlays than all other counties in the regions combined; Riverside, California, was the only exception (figure 2, bottom panel). Central counties like Dallas and Denver have more HUD-subsidized units and so received a higher rate of federal housing funding than the surrounding counties.

FIGURE 2

HUD Funding Was Generally Proportional to the Number of HUD-Funded Units and Focused in Central Counties

Per capita outlays for HUD programs, by metropolitan area, fiscal years 2022 and 2023



Source: Authors' analysis of fiscal years 2022 and 2023 federal awards by census-defined metropolitan area.
Notes: CDBG = Community Development Block Grants; Project-based = Project-based Section 8, Section 8, and Public Housing programs; Voucher = Housing Choice Voucher program. In the second panel, subsidized units are all units supported by the HUD programs. The third panel does not include San Diego, whose metropolitan area is the same as the county, or Boston, where per capita outlays in the central county were $4,453 ($514 in other metropolitan area counties). New York's central county is defined as the five New York City boroughs.

ARE HUD'S PROGRAMS MEETING COMMUNITIES' NEEDS?

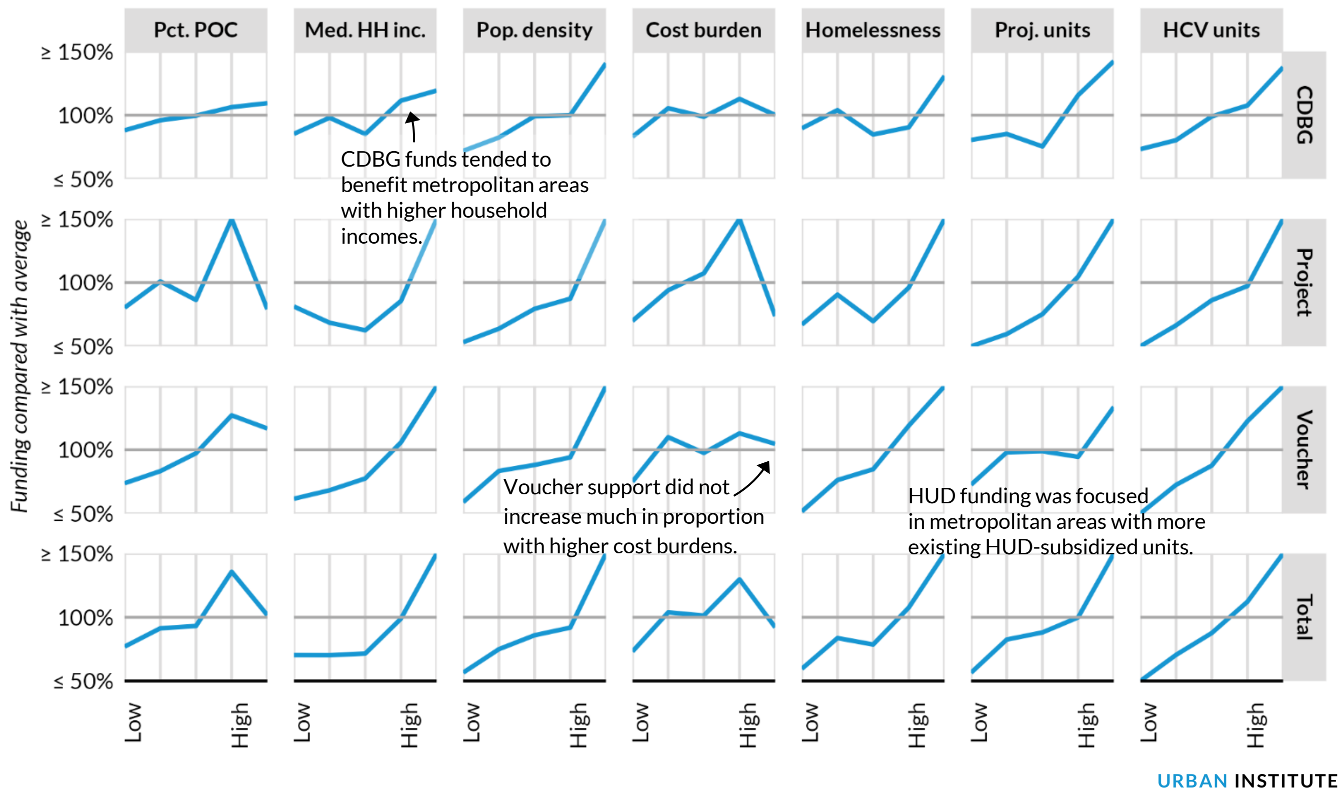
Next, we investigated whether funding from HUD programs was associated with demonstrated need, with the caveat that HUD funding is currently far from adequate to address housing affordability and supply challenges. We ranked and then divided all US metropolitan areas into quintiles based on seven metrics (e.g., share of renters facing cost burdens). In figure 3, we compare per capita HUD spending in each bucket (e.g., Housing Choice Voucher spending for the 20 percent of metropolitan areas with the lowest per capita homelessness). We find the following:

- Across HUD's programs, metropolitan areas with higher incomes and population densities received higher per capita funding. Funding was somewhat higher in areas with a higher share of people of color—particularly for the Community Development Block Grant Program—but the relationship is not strong.
- By and large, the dispersal of funding through voucher programs was not higher in areas with higher shares of cost-burdened renters—though it was much higher in areas with higher rates of homelessness.
- Among project-based and voucher programs, funding was concentrated in metropolitan areas with more subsidized units. This reveals how these formula programs continue to benefit metropolitan areas that made the choice several decades ago to build public housing and accommodate voucher holders.

FIGURE 3

Comparing HUD Spending with Metropolitan Characteristics

Per capita outlays for HUD programs, by metropolitan area, fiscal years 2022 and 2023



Sources: Authors' analysis of fiscal years 2022 and 2023 from federal awards by census-defined metropolitan area, 2016–20 five-year American Community Survey estimates, and the 2020 US Department of Housing and Urban Development (HUD) Point-in-Time Count.

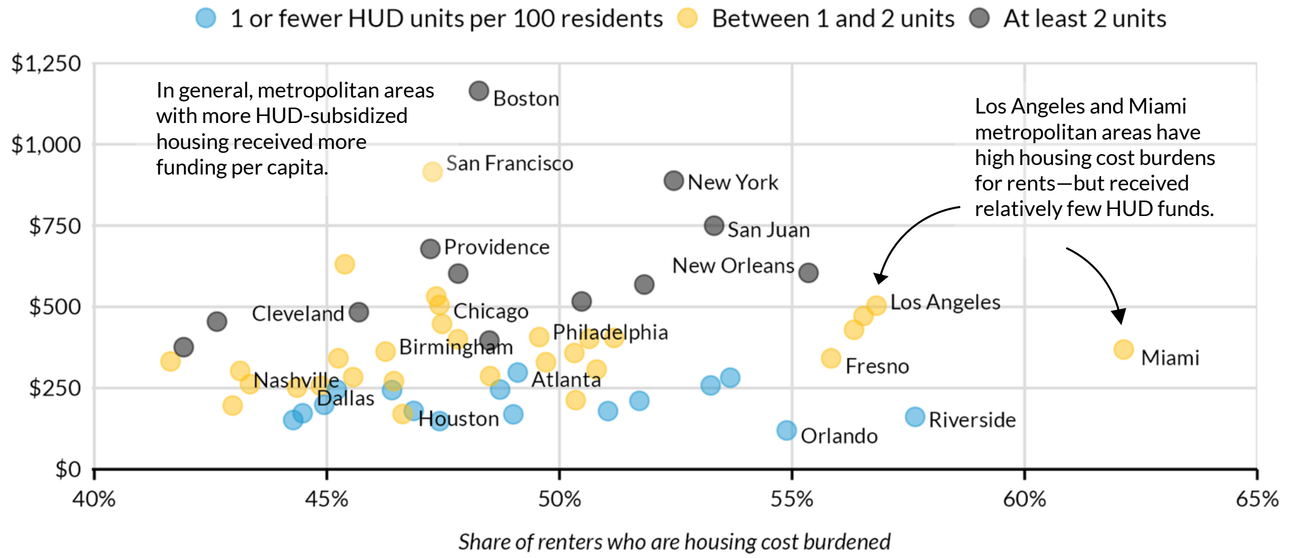
Notes: Pct. POC = share of population who are Hispanic or nonwhite. Med. HH inc. = median household income. Pop. density = people per square mile. Cost burden = percent of renter households that pay more than 30 percent of incomes to rent. Homelessness = count of homeless people per capita. Proj. units = number of HUD-subsidized project-based assisted housing units per capita (including both public housing and Project-based Section 8 units). HCV Units = number of Housing Choice Voucher units per capita. CDBG = funding from the Community Development Block Grant Program; Project = funding from the Project-Based Section 8 and public housing programs; Voucher = funding from the Housing Choice Voucher program; HUD = US Department of Housing and Urban Development.

Areas with many existing HUD-subsidized units consistently received higher levels of HUD funding, even when controlling for housing cost burden (figure 4). Metropolitan areas with fewer than one HUD-subsidized housing unit per 100 residents received an average of $137 per capita, compared with $434 per capita in areas with at least two HUD-subsidized housing units per 100 residents.[2] The Miami region, for example, received far less funding than the Providence region despite the latter having a far smaller share of renters that are cost burdened.

FIGURE 4

More Housing Funding Went to Metropolitan Areas with More Existing HUD Units

Per capita outlays for HUD programs, by share of renters with housing cost burdens, fiscal years 2022 and 2023



Sources: Authors' analysis of fiscal years 2022 and 2023 federal awards by census-defined metropolitan area and 2016–20 five-year American Community Survey estimates.
Notes: Shows all metropolitan areas with >950,000 residents. Renters who are housing cost burdened spend more than 30 percent of their income on rent.

RECOMMENDATIONS

HUD programs generally supported metropolitan areas with a higher share of people of color and higher rates of homelessness, though even those areas continue to have unmet housing needs, including high housing cost burdens. HUD programs also tended to relatively underfund metropolitan areas with low incomes. Since most funds are distributed by formula or block grants that are weighted by the number of existing subsidized housing units, the trends we reveal here are likely to persist as long as current funding mechanisms remain unchanged.

- Redistributing support from well-funded metropolitan areas to those with less funding will not solve all problems. Even in the best-funded regions, there is a large gap in funding to address the cost burdens of households with very low incomes.3 Additional affordable housing support is necessary nationwide. Once established, this existing subsidized housing stock would need an ongoing flow of maintenance and voucher funds.
- Funding now largely results from choices about where HUD-subsidized housing units are located—decisions often made decades ago, when there was greater funding available for the public housing and project-based Section 8 programs (Vale and Freemark 2012). Though use of the Low-Income Housing Tax Credit is more evenly distributed, that program largely does not support renters with the greatest needs, unless also subsidized by HUD programs like HOME.[4] Congress should consider expanding HUD's public housing and Housing Choice Voucher programs to support the housing needs of households with low incomes in regions

now left out, although it is worth noting that the challenges of building new public housing could hinder this (Popkin 2024).

- Localities and states with few subsidized units may consider pursuing alternative routes to funding affordable housing, such as through affordable housing trust funds or locally funded vouchers.

NOTES

[1] United States Census Bureau, “Nearly Half of Renter Households Are Cost-Burdened, Proportions Differ by Race,” Newsroom (press release), United States Census Bureau, September 12, 2024, https://www.census.gov/newsroom/press-releases/2024/renter-households-cost-burdened-race.html.

[2] This discrepancy was statistically significant in a t-test of means.

[3] Yonah Freemark, “No Single Policy Will Increase Housing Affordability. We Need a Comprehensive Strategy,” *Urban Wire* (blog), Urban Institute, April 8, 2024, https://www.urban.org/urban-wire/no-single-policy-will-increase-housing-affordability-we-need-comprehensive-strategy.

[4] Yonah Freemark and Corianne Payton Scally, “LIHTC Provides Much-Needed Affordable Housing, but not Enough to Address Today’s Market Demands,” *Urban Wire* (blog), Urban Institute, July 11, 2023, https://www.urban.org/urban-wire/lihtc-provides-much-needed-affordable-housing-not-enough-address-todays-market-demands.

REFERENCES

Freemark, Yonah, Mel Langness, Amanda Hermans, Gabe Samuels, Tomi Rajninger, and David C. Blount. 2023. *Is Federal Infrastructure Investment Advancing Equity Goals?* Washington, DC: Urban Institute.

Popkin, Susan J. 2024. *Lessons from 40 Years of Public Housing Policy*. Washington, DC: Urban Institute.

Vale, Lawrence J., and Yonah Freemark. 2012. “From Public Housing to Public-Private Housing: 75 Years of American Social Experimentation.” *Journal of the American Planning Association*, 78 (4), 379–402. https://doi.org/10.1080/01944363.2012.737985.

ABOUT THE AUTHORS

Yonah Freemark is a principal research associate, **Gabe Samuels** is a research analyst, **Tomi Rajninger** is a research analyst, **Amanda Hermans** is a research associate, **Sam Lieberman** is a research assistant, and **Teddy Maginn** is a research assistant in the Housing and Communities Division at the Urban Institute.

ACKNOWLEDGMENTS

This summary was funded by a grant from the Melville Charitable Trust. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples.