Public housing serves a critical role in the nation’s rental market, providing stable, affordable homes for nearly 2 million Americans with low incomes. The families who live in public housing include some of the nation’s most disadvantaged citizens, including older adults, people with disabilities, and families with young children (Popkin et al. 2020). Decades of insufficient federal funding and weak oversight have left public housing developments in poor condition, exposing residents to risks that threaten their health and well-being—a plight exacerbated by the COVID-19 pandemic.

Now, repairing the aging, deteriorating public housing stock is a major challenge facing the Biden administration. Current estimates are that the federal government will need to provide at least $70 billion for renovation nationwide.¹ The Center on Budget and Policy Priorities and the Urban Institute have proposed an agenda for the future of public housing that calls on the federal government to provide that funding in addition to adequate ongoing public housing funding (Fischer, Acosta, and Bailey 2021). We also recommend improving the Section 8 conversion option to fund replacement units and expanding the federal investment in comprehensive community strategies such as Choice Neighborhoods.

An equitable strategy for meeting these goals of retaining and expanding the public housing stock will intentionally avoid the mistakes of the past, including public housing being built mostly in the lowest-income, most racially segregated neighborhoods; poor physical design that cut developments off from the surrounding community and made them vulnerable to crime; and inadequate funding for maintenance and upkeep that left residents living in unacceptable conditions (Popkin 2016; Turner, Popkin, and Rawlings 2009). Further, equity means taking an evidence-informed approach that builds
on the lessons from prior public housing preservation and redevelopment efforts, including the ways they have exacerbated inequality.

In this brief, we draw on three decades of research to highlight past mistakes, including the loss of critically needed units and a lack of meaningful resident engagement in planning for redevelopment, relocation, and services and amenities. We also note strategies that have been more successful. We conclude that efforts must go beyond the mixed-income redevelopment model of Housing Opportunities for People Everywhere (HOPE VI) and Choice Neighborhoods—competitive grant programs that provide redevelopment funding for only a relative few properties when compared to need. New efforts must take a broader approach that reach all properties in need of refurbishing and that increase the total number of public housing units overall (Docter and Galvez 2020). And efforts must be carried out in ways that meaningfully involve residents and provide targeted support during and after relocation.

Developments across the country need costly updates to major systems, including heating and air conditioning, plumbing, electrical systems, and elevators. Units also need modernized kitchens, bathroom fixtures, and windows. Many older developments still have problems with lead paint and asbestos, exposing residents—especially children—to unacceptable hazards. Finally, most public housing was built before 1974 and is not compliant with the Americans with Disabilities Act, meaning it needs major renovation to serve older tenants and those with disabilities. The annual funding housing authorities receive from the Public Housing Capital Fund is not nearly enough to meet the growing need (Popkin et al. 2020). And funding through the Rental Assistance Demonstration (RAD), created to provide housing authorities with additional resources, is also insufficient.

Many policymakers and advocates now recognize that redevelopment and preservation alone are not enough to meet the need for subsidized housing and are calling for public housing authorities (PHAs) to develop more units quickly, especially in tight markets with constrained housing supply (Fischer, Acosta, and Bailey 2021). Further, any redevelopment or new construction must be undertaken within an equity framework that intentionally avoids the mistakes of the past, including shoddy construction and weak federal oversight that undermined the long-term sustainability of many developments.

It is even more important to rectify the federal and local policies that isolated subsidized housing in racially and economically segregated neighborhoods often cut off from the rest of the city. Moreover, many developments were built on or adjacent to environmental hazards such as flood plains, oil refineries, toxic waste dumps, and factories. The Biden administration has made addressing these mistakes a priority, emphasizing racial equity and environmental justice in housing, and has charged the US Department of Housing and Urban Development (HUD) with carrying out this mission. Finally, any new efforts to redevelop or refurbish public housing must embed resident engagement and supports from the onset, ensuring that residents have meaningful opportunities to participate in redevelopment, voice concerns, and codesign relocation activities and service delivery.
Lessons from Past Efforts to Redevelop Public Housing

By the late 1980s, policymakers on both sides of the aisle had deemed public housing “one of the biggest and most visible failures of American social welfare policy” (National Commission on Severely Distressed Public Housing 1992; Popkin, Levy, and Buron 2009, 477). High-rise developments built to provide safe and affordable homes for low-income families were crumbling because of a combination of shoddy construction and poor maintenance. A lack of funding for management and upkeep, along with weak federal oversight, exacerbated local management failures, leaving residents living in unsafe living conditions. The result was that in many cities, public housing residents lived in deteriorating buildings that exposed them to serious health hazards (Popkin 2016).

In addition, redlining, discriminatory zoning, and other local policies meant that much of this housing was built in racially and economically segregated communities (Turner, Popkin, and Rawlings 2009). Public housing residents lived with the consequences of these discriminatory policies, with many developments located in neighborhoods lacking well-resourced schools, employment opportunities, and other amenities. Too often, residents were exposed to significant environmental hazards, including major highways, toxic waste dumps, power plants, oil refineries, and lead smelters. Weak HUD oversight and PHA mismanagement meant these residents were also poorly served and living in unacceptable conditions. Finally, Reagan-era tenant selection policies prioritized formerly homeless and other high-needs households but failed to fund the necessary supportive services to ensure their safety and well-being. For all these reasons, in many communities, public housing came to be seen as the “housing of last resort,” a place for families with significant needs (Popkin, Levy, and Buron 2009).

In the 1970s and 1980s, federal policy shifted from constructing large government-owned developments to providing assistance through the Section 8 program, which provided subsidies that enabled participants to rent housing in the private market. It was not until 1989, with many public housing developments in crisis, that Congress authorized the National Commission on Severely Distressed Public Housing to identify solutions. HOPE VI, the program that emerged from the commission, became the core of the Clinton administration’s public housing agenda, enabling housing authorities to compete for large grants to redevelop their distressed developments. Despite limited evidence about the effects on public housing tenants, policymakers encouraged PHAs to redevelop their properties as mixed-income housing with the goal of deconcentrating poverty (Levy, McDade, and Bertumen 2011; Popkin et al. 2004).

HOPE VI: Success and Challenges

HOPE VI launched in 1992, charged with rehabilitating the public housing stock and improving residents’ circumstances. Congress allocated $6 billion for the program from 1993 to 2012. HUD awarded 260 revitalization grants that averaged $22.9 million to PHAs to redevelop their properties, improve management, and provide community services (Gress, Cho, and Joseph 2016; O’Brien and Popkin 2020). Approximately 155,000 public housing units were demolished over the course of the
program, and 97,389 new units were constructed as public housing and other affordable and market-rate units (Gress, Joseph, and Cho 2019).

HOPE VI largely succeeded in addressing unlivable conditions in the targeted public housing developments, providing better housing and improved quality of life. Urban’s research on resident outcomes found that few original tenants returned to the new mixed-income communities and so did not benefit directly from improved conditions. Though residents who moved to other neighborhoods reported that their housing quality and neighborhood safety had improved dramatically, few experienced any short-term economic gains (Popkin, Levy, and Buron 2009). In many cases, residents noted ongoing employment and financial challenges, food insecurity, and health issues (Buron, Hayes, and Hailey 2013; Buron, Levy, and Gallagher 2007; Popkin et al. 2010). Many still lived in racially segregated, low-income communities that offered few services and amenities. For some residents, even those who reported being better off after they moved, involuntary relocation and displacement meant a loss of crucial social ties. Once redevelopment was completed, many original residents who had settled into other neighborhoods were no longer able to or interested in returning after an extended period.

While tenant outcomes were mixed, there is no question that the new housing was typically higher quality than the distressed developments it replaced. Further, the impact on neighborhoods was also generally positive. Where distressed developments were replaced with new mixed-income housing, crime often dropped, and communities experienced new investment (Popkin 2016; Popkin, Levy, and Buron 2009). However, while these improvements to housing and its surrounding neighborhoods were effectual, HOPE VI also had a clear downside: only about two-thirds of the demolished housing was replaced. The loss was significant, amounting to approximately 100,000 deeply subsidized hard units at a time when the need for deeply subsidized housing was growing rapidly (Gress, Joseph, and Cho 2019).5

Choice Neighborhoods

HUD’s Choice Neighborhoods program, launched in 2010, built on and ultimately replaced HOPE VI. Choice provides investments through competitive grants to targeted neighborhoods marked by high poverty and distressed public or other HUD-assisted housing. With additional leveraged public and private dollars, local leaders, residents, government officials, and community stakeholders develop and implement a comprehensive neighborhood transformation plan to redevelop targeted HUD-assisted housing, provide residents with case management and supportive services, and undertake neighborhood improvements.6 Since fiscal year 2010–11, HUD has awarded 89 planning grants and 35 implementation grants ranging from $10 million to $35 million (O’Brien and Popkin 2020).

We have only limited information to date on the outcomes and impact of Choice Neighborhoods. Early studies indicated that the program incorporated lessons from HOPE VI, including the value of comprehensive community planning and a right of return for original residents. Choice strengthened the requirements for developers to involve residents in the local transformation plans for housing, resident services, and neighborhood investment (Pendall et al. 2015).
As with HOPE VI, early research on Choice anticipates significant improvements in housing quality for residents who return to transformed developments (Pendall et al. 2015). Choice also increased neighborhood residents’ access to services such as health care, early childhood programs, and workforce development (Pendall et al. 2015). No evidence about effects on health outcomes has emerged, but an analysis of HUD administrative data found increased income and earnings and reduced poverty rates for original residents (Joice 2017). These findings differ from studies of HOPE VI, which showed no impact on economic outcomes for original residents (Popkin, Levy, and Buron 2009). Finally, there is not yet evidence on efforts to reduce crime or achieve other neighborhood-level effects. Neighborhood investment flows have been difficult to analyze, leading to a lack of conclusive data. A study of one Choice neighborhood, however, found that residents perceived little change in neighborhood conditions and opportunities (Chapple and Elias 2018).

In short, outcomes and impact from Choice Neighborhoods implementation efforts remain unclear. The evaluation currently under way will shed more light on whether and how Choice has improved on HOPE VI. If the evaluation finds positive outcomes, it will buttress evidence for more comprehensive approaches to housing and neighborhood investments. However, without a substantial increase in funding, Choice will remain too small to address the number of candidate developments in underinvested neighborhoods across the US.

Moving to Work Demonstration

HUD’s Moving to Work Demonstration Program (MTW) was authorized by Congress in 1996. MTW allows participating agencies to develop and implement activities to further the statutory objectives of improving agencies’ cost-effectiveness and households’ self-sufficiency and housing choice. Agencies pursue the objectives with use of HUD-approved waivers of certain regulations governing the public housing and Housing Choice Voucher (HCV) programs, as set out in the US Housing Act of 1937, and funding flexibility. HUD is increasing the number of participating agencies by 100 by 2022. The first expansion cohort of 31 agencies was named in January 2021, and the second cohort of 10 agencies was named in May, bringing the count to 80 agencies.

MTW agencies can use HUD-approved regulatory waivers to pursue locally determined activities. Among the regulatory waivers available are those affecting rent policies for public housing and HCV programs, household recertification schedules, work requirements, and landlord incentives. In some cases, such as work requirements and high minimum rents for the lowest-income families, these changes are controversial and potentially harmful to people struggling to afford housing.

The agencies also may use funding flexibly. All PHAs receive most of their HUD funding through three streams: public housing operating funds, public housing capital funds, and HCV housing assistance payments funds. Traditional agencies generally must use funds from a given stream for associated activities, whereas MTW agencies may use funds from one stream for activities associated with another or for local, nontraditional housing assistance. Any MTW agency may, for example, use any amount of its public housing operating funds for a public housing capital effort. By contrast, outside of MTW, large
public housing agencies may only use 20 percent of their operating subsidies for capital activities and only small agencies are permitted to transfer unlimited amounts.

An analysis of selected MTW agencies’ funding shifts found that most shifted funds came from the HCV program and a smaller portion was drawn from the public housing operations stream (Levy, Edmonds, and Long 2020). PHAs used most of these funds for capital projects. And a plurality of MTW agency activities undertaken with flexible funding focused on increasing housing choice, in alignment with what sampled agencies’ staff said were their priorities—increasing the number of affordable housing units and the number of households served. Activities included making additional units available through construction, acquisition, and rehab; increasing the number of units through partnerships with other housing providers; preserving existing public housing units; increasing tenants’ mobility; and increasing homeownership opportunities. MTW flexibility also can improve agencies’ ability to leverage funding to negotiate better financing terms or partner with other entities for housing provision and supportive services.

MTW agencies have used waivers and funding flexibility to set priorities for HUD funding in ways that address local needs and opportunities. Funding flexibility, in particular, has enabled agencies to address capital needs in existing properties better than they could have done with public housing capital funds alone, although opportunity costs are associated with shifting funds. In other words, flexibility involves trade-offs between funding priorities, including housing assistance for more households.7

It would be important to identify any specific waivers that help address public housing capital needs through approaches such as leveraging without transferring funds from voucher programs so similar flexibility could be extended to other agencies, given that no agency has received sufficient funding for capital improvements. Regardless, MTW agencies’ ability to shift funding, while enabling them to pursue some activities that might not otherwise be feasible, does not allow all agencies to address their capital improvement backlogs for existing properties or to acquire enough additional assisted housing units to meet local needs.

Section 8 Conversions to Preserve Public Housing

One of the main reasons the nation’s public housing stock is at risk is the failure of the federal government to provide consistent funding for capital needs.8 Policymakers have raised public housing funding temporarily (for example, in 2009 and 2010) only to allow it to drop back to inadequate levels (Fischer, Acosta, and Bailey 2021). In contrast, funding for Section 8, including project-based Section 8 vouchers and project-based rental assistance, rose 45 percent over the past two decades.

HUD launched RAD in 2012 to address long-term capital needs shortfalls. The program allows housing agencies to convert their public housing units to project-based Section 8 contracts (either project-based vouchers or project-based rental assistance). Conversion is supposed to provide opportunities to leverage funds, such as low-income housing tax credits, that allow PHAs to address short-term funding needs and make investments to preserve buildings’ long-term viability (HUD, n.d.). The number of units eligible for conversion was initially capped at 65,000. Congress has increased the
cap gradually and in fiscal year 2018 raised it to 455,000 units, covering almost 45 percent of the country’s public housing stock. As of September 2020, almost 140,000 public housing units had been converted through the program (Hayes, Gerken, and Popkin, forthcoming). However, subsidies are often too low to meet the capital needs for individual developments, because the subsidies cannot exceed the public housing subsidies the development received before conversion.

RAD has strong protections for tenants, including the right to return and the chance to request a Choice Mobility voucher, which residents may request to use in the private rental market after the conversion is complete (Hayes, Gerken, and Popkin, forthcoming). Despite these protections, assisted housing advocates and others have raised concerns about relocation; tenant rights protection; accommodations for vulnerable populations, including seniors and people with disabilities; and the long-term financial viability of converted developments.

Because RAD funding is often inadequate to meet full capital needs, agencies also explore other options, such as demolition and disposition under Section 18 of the US Housing Act (“demo-dispo”) and voluntary conversion under Section 22, which allows agencies to replace some public housing units with tenant-protection vouchers. These vouchers can be project-based and are often better funded than RAD subsidies, but they offer fewer federal protections for tenants. In particular, demo-dispo does not require the PHA to offer residents the right to return; the Choice Mobility voucher is considered their replacement housing. Further, there is no requirement that PHAs leveraging demo-dispo keep buildings affordable for the long run, unlike units converted to RAD (Fischer, Acosta, and Bailey 2021).

Some housing agencies have combined the benefits of RAD and demo-dispo. In 2018, HUD issued a notice permitting this approach and making it easier to obtain a disposition of up to 25 percent of a project’s units when the remainder will be converted under RAD. Many PHAs adopt this combined approach because they receive more funding—tenant-protection vouchers often have higher subsidies than those for RAD units. But this strategy still leaves PHAs without a guarantee of long-term sustainability because the RAD units receive lower subsidies than traditional public housing units. And residents renting with tenant-protection vouchers could be more vulnerable to eviction and displacement because demo-dispo lacks tenant protections.

Recommendations

As the Biden administration moves forward to preserve and expand public housing, it is important to build on lessons from past efforts. Redevelopment initiatives have largely succeeded in rehabilitating or replacing distressed developments; however, improvements have come at a cost. The Center on Budget and Policy Priorities estimates that the number of public housing units has declined by more than 200,000 units since the mid-1990s as a result of the HOPE VI initiative and other demolition and disposition (Center on Budget and Policy Priorities 2021). Meanwhile, the Faircloth amendment—a provision of the Quality Housing and Work Responsibility Act of 1998—established limits on new public housing construction, preventing housing agencies from increasing their public housing portfolios.
Together, public housing programs and policies of the 1980s and 1990s significantly reduced the number of hard units available for extremely low-income households. They also left behind a legacy of mistrust, as PHAs failed to engage tenants meaningfully in planning for redevelopment, relocation, or supportive services (Popkin, Levy, and Buron 2009). Tenants generally had little voice in determining how many units were replaced: development schedules frequently determined relocation plans, sometimes forcing families to move in the middle of the school year. And as redevelopment proceeded, developers often struggled to deliver on timelines or promises for new amenities like grocery stores or health clinics (Popkin 2016; Popkin, Levy, and Buron 2009).

The Biden administration has already proposed increasing funds for public housing, including new resources for addressing the capital backlog. It has also issued guidance for PHAs on using RAD to obtain financing to construct new Faircloth replacement units (HUD 2021). Our review of past efforts to redevelop public housing suggests lessons for moving forward. As the administration considers further action, we recommend that, in addition to scope, new efforts focus on design processes and tenant relocation tied to redevelopment.

Repeal the Faircloth Amendment to Allow Increased Production of Public Housing Units

Especially in areas with strong housing markets where it can be challenging for voucher holders to find suitable, affordable housing, there is a pressing need for public or other deeply subsidized housing units. HUD has already issued new guidance on using RAD to finance construction of new Faircloth units, replacing the units lost to redevelopment and demolition. But repealing the Faircloth amendment altogether would allow agencies to go beyond that limit to provide enough deeply affordable housing units to meet the growing need.

Provide Adequate Funding to Maintain Existing Units

To prevent the further loss of public housing units, Congress must provide funding at levels to address current and ongoing maintenance needs. The Biden administration has proposed a significant increase in public housing capital funds; it is critical that Congress both pass this increase and ensure that funding remains stable over time so that PHAs can ensure long-term viability for their properties.

Reconsider Redevelopment Models from the Perspective of Unit Loss

Too many units of public housing have been lost from redevelopment efforts. Congress might examine how redevelopment can occur without further loss and without leaving developments economically segregated. Congress must determine financing options that support full replacement of units within a mixed-income model. Choice Neighborhoods requires full replacement, whereas demo-dispo, used alone or in conjunction with RAD, does not guarantee longer-term affordability, which may lead to further unit loss over time.
Shift from Gathering Input from to Engaging Tenants in Plan Development

The shift from HOPE VI to the Choice Neighborhoods program included more stringent requirements for grantees to engage tenants during the proposal stage and the development of transformation plans. Congress must examine design, tenant satisfaction, and management satisfaction outcomes in redeveloped sites that centered residents' voices in planning redevelopment to understand what difference it makes for long-term success.

Strengthen Place-Based, Comprehensive Community Strategies to Redevelopment

If evaluations of the Choice Neighborhoods program find positive outcomes from its neighborhood-focused approach, Congress must increase support to solidify the shift from development-only to neighborhood-level redevelopment and investment. Such place-based models can serve communities long affected by disinvestment rather than only tenants living in one development or who receive a voucher to rent elsewhere.

Implement Best Practices for Tenant Relocation (and Provide Sufficient Funding)

A consistent lesson drawn from across redevelopment approaches is that tenant-relocation plans and implementation are critical for tenants’ well-being in the short and long terms. Research has highlighted the importance of supporting residents through relocation, which is stressful even if residents are moving to better-quality housing or safer neighborhoods (Popkin 2010, 2016). Many public housing residents have challenges associated with histories of trauma or poor physical and mental health; many households include older adults, people with disabilities, or children under 18. Housing authorities and developers must center residents’ voices in planning and follow the principles of responsible relocation:

- guaranteeing residents in good standing the right to return within a reasonable period
- using a build-first approach whenever possible
- replacing all units either on site or throughout the community
- involving diverse groups of residents in redevelopment and relocation planning in meaningful ways that go beyond charettes or presentations
- maintaining an effective communication strategy that consistently reaches all residents
- using a trauma-informed approach to relocation and service provision
- providing case management and support—especially for the most vulnerable—before, during, and for at least 12 months after relocation
- establishing a data system to track all households through redevelopment to ensure all are offered the right to return
Notes


3 In a stunning development, one of the first HOPE VI redevelopments is now slated for demolition after 20 years. For more information, see Nina Sparling, “With Mayor’s Backing, Developer Asks to Demolish, Rebuild 20-Year-Old Public Housing,” San Francisco Public Press, March 30, 2021, https://www.sfpublicpress.org/with-mayors-backing-developer-asks-to-demolish-rebuild-20-year-old-public-housing/.


5 In HUD parlance, “hard” public housing units are project based, while “soft” units are tenant based. Under HOPE VI, 155,000 hard units were demolished, with only 55,318 replacement units built and 5,369 homeownership units established (Gress, Joseph, and Cho 2019).

6 HUD sponsored a baseline implementation evaluation of the first five sites (Pendall et al. 2015). A follow-up outcome and impact evaluation is under way, with findings anticipated in 2022.

7 Some analyses have found that MTW agencies issued vouchers to fewer households than if funding for HCV had not been shifted to support other activities (Buron, Vandawalker, and Morrill 2017; Fischer 2017). Another analysis based on trends in housing assistance over time, however, found that MTW agencies served more households than at baseline without a significant change in cost per assisted household (Stacy et al. 2020).

8 This section is informed by commentary from a previous Center on Budget and Policy Priorities paper (Fischer, Acosta, and Bailey 2021).


11 Only a portion of units removed under RAD options is replaced with tenant-protection vouchers, in part because HUD only issues replacement vouchers for units that were occupied in the previous 24 months. In fiscal year 2019, for example, HUD reported that 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 HUD awarded fewer than 6,400 public housing replacement vouchers, for a net loss of more than 2,000 units (HUD 2020, 43). See also Announcement of Tenant Protection Voucher Funding Awards for Fiscal Year 2019 for the Housing Choice Voucher Program, 85 Fed. Reg. 15489 (March 18, 2020).

12 Ortiz, “From PETRA to RAD—The Path to Converting 140,000 Public Housing Units.”

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