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FAILING THE TENANT: CHALLENGES AND OPPORTUNITIES FACING PUBLIC HOUSING AGENCIES

Final Staff Report

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EXECUTIVE SUMMARY

At 8:10 a.m. on Wednesday, October 1, 2025, a portion of the Mitchel Houses property, in the heart of the Bronx, partially collapsed.[1] This structural failure, in a property managed by the New York City Housing Authority (NYCHA), displaced over 100 Americans and left many more without some utilities for months.[2] Earlier in 2025, 70 of NYCHA's maintenance staff were convicted of fraud, embezzlement, or bribery related offenses.[3] Nearby, the Atlantic City Housing Authority was taken over by the U.S. Department of Housing and Urban Development (HUD) for failing to address longstanding issues with pests, vermin, and utilities.[4]

Additionally, in 2025, halfway across the country, the Little Rock Housing Agency (d/b/a Metropolitan Housing Alliance (MHA)) was heavily delinquent on a loan for its Madison Heights property, with its bank threatening foreclosure and the potential removal of MHA's residents from the building.[5] On the West Coast, the Housing Authority of Multnomah County (OR) experienced a multi-million dollar budget shortfall, with allegations that its leadership had used its funding for things like a family trip to Hawaii.[6]

These simultaneous examples show the range and significance of issues within public and affordable housing programs implemented by Public Housing Agencies (PHAs). PHAs are local entities, created by state governments, that are responsible for implementing federal affordable and public housing programs at a local level.[7] PHAs report to and are overseen by HUD.[8] While the programs they implement are numerous, so too are their issues, challenges, and opportunities for improvement.

Currently, PHAs experience a range of challenges. Some of these are simply due to the challenging nature of the programs PHAs implement. The Public Housing (Section 9) program, for example, consumes a disproportionate amount of PHA time and resources, all while

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[1] Kate Reilly, *NYC Apartment Building Partially Collapses, Ripping Massive Hole in Bronx High-Rise*, NBC NEWS (Oct. 1, 2025), https://www.nbcnews.com/news/us-news/new-york-city-apartment-building-partially-collapses-ripping-massive-h-rcna234919.

[2] Mira Wassef, *100 residents displaced after explosion rocks Bronx NYCHA building*, YAHOO! NEWS (Oct. 1, 2025), https://www.yahoo.com/news/articles/100-residents-displaced-explosion-rocks-203155554.html; Mirhir Zaveri et al., *20-Story Public Housing Building in the Bronx Partially Collapses*, N.Y. TIMES (Oct. 1, 2025), https://www.nytimes.com/2025/10/01/nyregion/bronx-explosion-building-collapse.html.

[3] Press Release, U.S. Dep't of Justice, All 70 NYCHA Employees Charged in February 2024 Sweep Convicted of Bribery, Fraud, or Extortion Offenses (Nov. 25, 2025), https://www.justice.gov/usao-sdny/pr/all-70-nycha-employees-charged-february-2024-sweep-convicted-bribery-fraud-or.

[4] Raven Santana, *HUD takes over Atlantic City Housing Authority*, NJ SPOTLIGHT NEWS (Aug. 12, 2025), https://www.njspotlightnews.org/video/hud-takes-over-atlantic-city-housing-authority/.

[5] Milo Strain, *Little Rock Mayor Calls on City Board to Give Public Housing Authority $7.5 Million Loan for Troubled Apartments*, ARK. TIMES (May 21, 2025), https://arktimes.com/arkansas-blog/2025/05/21/little-rock-mayor-calls-on-city-board-to-give-public-housing-authority-7-5-million-loan-for-troubled-apartments.

[6] Jashayla Pettigrew, *Ex-CEO of Multnomah County-area Housing Authority Under Investigation by Ethics Watchdogs*, KOIN (Aug. 21, 2026), https://www.koin.com/news/portland/ex-ceo-of-multnomah-county-housing-authority-under-investigation-by-ethics-watchdogs/.

[7] *HUD's Public Housing Program*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/helping-americans/public-housing, (last visited Sep. 21, 2026).

[8] *Id.*

inefficiently using taxpayer dollars to provide less quality housing as compared to other federal housing programs. In fact, many Section 9 buildings are old, poorly constructed, and located near natural hazards, all of which drives up maintenance costs. Moreover, within the programs PHAs implement, there are several perverse or conflicting incentives that drive PHAs to worsen their operations to appear higher functioning. Additionally, the funding structure and occupancy requirements of the programs PHAs implement demand a certain level of financial and operational savvy that many PHAs lack.

PHAs also struggle with third party actors compromising their operations. PHAs are often undermined by the actions of local governments. Further, courts and legal aid groups have presented substantial challenges for PHAs seeking to remove harmful residents. Lastly, the challenges that PHAs face are often caused by a small percentage of unruly residents and visitors, who make life worse for both PHA leadership and other residents.

While many of the challenges that PHAs face are caused by other parties, PHAs and their management are still responsible for many of the deficiencies that negatively impact residents or misuse taxpayer resources. Overall, most PHAs can meet the requirements of federal housing programs despite these outside challenges. Struggling PHAs, however, frequently fail to adequately maintain and inspect their properties, experience trouble with attaining and maintaining staff, or fail to implement technological solutions to better track their finances, contractors, and data. What's more, struggling PHAs often try to cut corners in HUD programs, and some even have leadership who are engaged in suspect or unlawful practices.

Compounding these various challenges, for decades HUD has performed inconsistent, insufficient oversight of PHAs. Shifting federal housing priorities weakened HUD's oversight of troubled PHAs, allowing longstanding financial and operational problems to worsen over time. Further, HUD has struggled to conduct its reviews of PHAs and their document submissions in a timely manner. HUD's lackadaisical assessment of PHAs is made even more challenging due to communication breakdowns between HUD and its Field Offices.

While the issues PHAs face are numerous, they are resolvable. The overwhelming majority of PHAs are capable of successfully implementing these programs. A small minority of PHAs, largely due to mismanagement, have shown an inability to overcome these challenges. Improvements to both federal housing programs and how PHAs operate are essential to ensure the long-term sustainability of federal housing programs and better protect taxpayer resources. Most importantly, improving these programs will result in better living conditions for the millions of Americans living in PHA-supported housing.

COMMITTEE EFFORTS

The House Committee on Financial Services (Committee) Majority has prioritized several issues related to PHAs in the 119th Congress. Consistent with the commitment to ensure Americans have access to decent, safe, and sanitary housing, and that recipients of federal funds should spend taxpayer dollars efficiently and effectively, the Committee Majority launched an investigation into the common issues plaguing the operations and administration of PHAs. The Subcommittee on Oversight and Investigations held two hearings focused on these issues. On February 10, 2026, the Subcommittee held a hearing titled "Building a Solid Foundation:

Restoring Trust and Transparency in Public Housing Agencies."[9] The hearing analyzed issues plaguing PHAs nationwide and sought to identify best practices that PHAs should follow in effectively and efficiently stewarding taxpayer dollars on behalf of residents.[10] On March 13, 2026, the Subcommittee held a field hearing titled "Broken Promises: Failures of the Little Rock Housing Authority and the Impact on Residents," which probed historical mismanagement and potentially criminal conduct by some of the former leadership of MHA and how this malfeasance put MHA at the brink of financial insolvency.[11] On April 13, 2026, Chairman Hill, Subcommittee Chairs Meuser and Flood, as well as Representatives Moore (NC) and Downing sent a letter to the U.S. Attorney for the Eastern District of Arkansas urging the Eastern District to investigate claims of theft, embezzlement, and fraud discussed during the hearing.[12]

In the Summer of 2026, the House of Representatives also passed H.R. 6644, the *21st Century ROAD to Housing Act* (P.L. 119-101), which removes outdated government barriers to the private sector construction of traditionally built and manufactured housing, as well as encourages greater local flexibility in the zoning, permitting, and construction of single- and multi-family housing. H.R. 6644 seeks to reduce the cost of housing for Americans and increase the quality of housing available to residents in the Section 8 and Section 9 programs. Among its provisions, H.R. 6644 will also improve the performance and resident experience of individuals participating in the Section 8 and Section 9 programs by increasing the number of permissible RAD conversions from 455,000 to 555,000 and making the RAD program permanent. Additionally, it includes language to make it easier for private landlords to participate in the Section 8 program and expands a voluntary component of the Section 9 program designed to help residents increase their economic self-sufficiency and build savings. Importantly, the *21st Century ROAD* to Housing Act also enhances oversight of PHA operations by requiring PHA receivers or monitors to issue annual reports on their status and recovery and, where requested, testify before Congress.

Throughout the 119th Congress, Committee Majority staff have also engaged with stakeholders in federal supportive housing programs, including PHAs, contractors, subject matter experts, and academics. These discussions have centered on the common challenges in implementing and overseeing federal housing programs. Committee Majority staff also met with current and former senior officials and staff from HUD to discuss HUD's efforts to resolve these challenges, increase its oversight across its programs, and instill a culture of accountability for PHAs, their leadership, contractors, and landlords.

To gain a better understanding of the most pressing issues in the Section 9 program authorized by the United States Housing Act of 1937, Committee Majority staff focused their investigation on the 32 PHAs designated as "troubled" by HUD as of November 2025. This status means that those PHAs had failed to achieve the minimum required score on HUD's assessment of their physical conditions, financial management, operations management, and

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[9] *Building a Solid Foundation: Restoring Trust and Transparency in Public Housing Agencies: Hearing Before the Subcomm. on Oversight & Investigations of the H. Comm. on Fin. Servs.*, 119th Cong. (2026).
[10] *Id.*
[11] *Broken Promises: Failures of the Little Rock Housing Authority and the Impact on Residents: Hearing Before the Subcomm. on Oversight & Investigations of the H. Comm. on Fin. Servs.*, 119th Cong. (2026).
[12] Letter from French Hill et al., Chairman, H. Comm. on Fin. Servs. to Jonathan Ross, U.S. Att'y, E. Dist. of Ark. (Apr. 13, 2026).

capital funds use. The Committee Majority requested written explanations and documents on the PHAs' operations, policies, procedures, finances, inspections, as well as employees and contractors. In total, Committee Majority staff held over 50 meetings and phone calls with the PHAs and reviewed over 100,000 pages of documents.

Committee Majority staff also visited nine of the PHAs, located across five states, seeing 28 properties and 30 affordable housing units. The selected PHAs represented the full range of funding levels, sizes, and urban-rural classifications. Each failed to satisfy at least half of HUD's basic scoring criteria in its most recent review. The visits to these PHAs were conducted in three tranches:

- In May 2026, Committee Majority staff conducted site visits to two PHAs located on the U.S. East Coast. The first visit was to a medium-to-large-sized PHA with approximately 750 units of Section 9 housing located on the urban fringe of a large metropolitan area. The primary drivers behind this PHA's troubled status were poor financial management, low rent collections, and low occupancy rates. The second visit was to a small PHA with fewer than 100 units of Section 9 housing, located in a small city but serving a broader rural area. At the time this PHA was designated as troubled by HUD, it had received failing inspection scores and struggled to maintain sufficiently high occupancy.[13]

- In June 2026, Committee Majority staff conducted four site visits to troubled PHAs located in the industrial Midwest. The first visit was to a very large PHA with nearly 4,500 units of Section 9 housing. This PHA received its troubled designation due to the poor physical condition of its properties, high accounts receivable, and low occupancy rates. The second visit was to a medium-sized PHA located in a small city with many of its properties in the surrounding rural area. This PHA also failed HUD's assessment of its physical conditions, had high accounts receivable, and low occupancy rates. The third site visit was to a medium-to-large-sized PHA with approximately 750 units located in an urbanized suburb outside of a major metropolitan area. This PHA was designated as troubled by HUD due to the deteriorating condition of its housing and low occupancy rates. The fourth site visit was to a small-to-mid-sized PHA with approximately 350 units of Section 9 housing that is in an urbanized suburb outside of a mid-sized city. This PHA was designated by HUD as troubled due to the substandard physical condition of its properties and poor financial management.[14]

- In July 2026, Committee Majority staff conducted three site visits to PHAs in the Great Plains region. The first visit was to a small-to-mid-sized PHA located in a small city surrounded by rural areas. This PHA was initially designated as troubled due to poor physical conditions, low occupancy, and high accounts receivable. The second site visit was to a PHA located in the urban core of a mid-sized city. Outside of its use of capital improvement funds, this PHA received failing scores across all of HUD's relevant assessment metrics. The third site visit was to a medium-to-large-sized PHA

[13] Meetings with Committee Majority staff (May 27-28, 2026) (notes on file with the Committee).
[14] Meetings with Committee Majority staff (June 15-18, 2026) (notes on file with the Committee).

with approximately 750 units of Section 9 housing located in the urban core of a medium-to-large-sized city. This PHA also failed across all of HUD's assessment criteria except for its use of capital improvement funds.[15]

During the visits, Committee Majority staff met with PHA officials, including staff, board members, and residents, and viewed the PHAs' properties, including occupied and unoccupied units. Through these conversations and walkthroughs, Committee Majority staff gained an on-the-ground understanding of the conditions in Section 9 housing, the current challenges the PHAs are facing, and how the PHAs are working to resolve their issues.

KEY FINDINGS AND RECOMMENDATIONS

Key Findings

1. Executive management has a tremendous impact on the success or failure of a PHA. Locally appointed PHA Boards of Commissioners can play an inappropriately large role in the daily operations of their PHA. Frequently, PHA Boards lack sufficient understanding of housing programs to effectively manage the PHA. Further, PHA Boards with too much influence over PHA operations appear to be at increased risk of fraud and improper payments.

2. Ineffective leadership often quickly results in financial distress, low occupancy, and dilapidated properties. By contrast, capable executives demonstrated the ability to take direct action and quickly improve operations, finances, and the physical condition of their properties.

3. PHAs struggle to find staff with sufficient experience and understanding of their roles and responsibilities. PHAs have particularly struggled to hire and retain maintenance staff, who can often find higher pay and more flexibility as independent contractors.

4. Certain PHAs have also found it difficult to develop policies and procedures tailored to the PHA that simultaneously satisfy HUD requirements. While PHAs can ask HUD for support in creating these policies, PHAs frequently find that the advice from HUD historically lacks specificity. As a result, some PHAs elect to contract with a third party to produce these policies and procedures.

5. Troubled PHAs have insufficient data retention and due diligence standards across their operations, but particularly as relates to their contracting and procurement standards. Poor document retention and due diligence frequently left PHAs with a poor understanding of their financial position and the quality of their contractors and purchases.

6. Struggling PHAs also often lack systems to ensure that maintenance work is completed timely and appropriately. In some instances, PHA maintenance

[15] Meetings with Committee Majority staff (July 6-8, 2026) (notes on file with the Committee).

staff claimed to perform their allocated maintenance responsibilities, but never actually did so.

7. Digitizing records and using software, as well as other tools for managing operations, financials, maintenance, and reporting greatly benefits PHAs. Paper records are challenging for PHAs to review, organize, and reference, consuming substantial amounts of paperwork hours and office space. Embracing technologies has allowed certain PHAs to operate with leaner staff at lower cost. Further, utilizing software and online tools appears to have greatly improved the timeliness and quality of maintenance work for PHAs.

8. Most struggling PHAs lack sufficient internal policies, procedures, and enforcement to effectively mitigate fraud risks. This includes lacking sufficient contracting policies and procedures aimed at reducing conflicts of interest and contract steering, as well as oversight of employees to prevent theft or embezzlement.

9. Many PHAs struggle to build and maintain productive relationships with their residents. Residents often lack a level of comfort with their PHA and its staff that is needed for them to report damage, issues, or wrongdoing by other residents. Further, most PHA efforts to build relationships with their residents are poorly tailored and do not further engagement with residents.

10. While federal housing programs are aimed at providing Americans with the support they need to succeed independently, some PHA residents have lived in PHA-supported housing for over 30 years. At the same time, most of these PHAs maintain a waitlist for housing assistance that is approximately twice as long as the number of units the PHA supports.

11. Many PHAs struggle to balance their role as a social service provider with their responsibilities to the taxpayer. As a result, many PHAs have allowed some residents to become delinquent on rent, compromising their PHA's bottom line and misdirecting taxpayer resources.

12. Rent collections are often insufficient to support the operational needs of PHAs. While most HUD programs require residents to pay 30 percent of their adjusted gross income to rent, between 20 and 30 percent of residents at many struggling PHAs only pay the minimum rent set by HUD, which is intended for individuals with no income. This occurs despite PHAs' suspicions that (1) many residents provide misleading information about their income or (2) many residents can—but opt not to—find employment. Additionally, rent payments are frequently late or incomplete, and the leadership of PHAs are often deferential towards delinquent residents. When coupled with the outdated structure of the Section 9 program and a PHAS system that incentivizes occupancy rates over rent collections, these factors frequently contribute to operational funding shortfalls.

13. The eviction process in many localities is needlessly time-consuming and overly deferential to residents. While this issue is heavily dependent on the locality, local courts and legal aid groups frequently drag out the eviction process, even for dangerous residents that have been recorded committing a crime. Some PHAs report evictions taking several months, or in some instances, years, to complete. The slow eviction processes can deprive PHAs of months of owed rent, allow dangerous individuals to continue living in affordable housing, and deprive a waitlisted individual of housing.

14. Local politics often plays an outsized role in the amount of support PHAs receive. While many localities provide a tremendous amount of support to their PHAs, many others are frequently hostile or resentful toward their PHA. Local governments often request that their PHAs redirect their resources to support local needs without an understanding of HUD rules or programmatic requirements. The resulting tension creates unnecessary friction between PHAs and their local governments. In some instances, this friction has resulted in local governments removing PHA leadership and PHAs being deprived of local utilities and police services.

15. The COVID-19 pandemic created difficult, long-lasting challenges for many PHAs. The eviction and inspection moratoriums instituted during the pandemic caused rent nonpayment to spike and contributed to the physical deterioration of many affordable housing properties. Additionally, many PHAs experienced large staff exoduses during this time, which further strained operations.

16. *Davis-Bacon Act* (DBA) wages and requirements are outdated and cumbersome for many PHAs. The $2,000 contracting threshold requiring DBA compliance has not been adjusted for inflation since it was implemented in 1935. As a result, PHAs must comply with DBA requirements for projects that are much smaller than the DBA was initially designed to cover. Further, PHAs report that compliance with the DBA consumes excessive paperwork hours for both them and their contractors.

17. HUD has historically failed to conduct sufficient oversight of PHAs and use existing authorities to demand accountability. These deficiencies have contributed to declining physical conditions of PHA properties and likely significant amounts of waste, fraud, and abuse.

18. While HUD is working to improve its data systems, its current systems are outdated, insufficient, and lead to inaccuracies. HUD's inventory management system—the Public and Indian Housing Information Center (PIC)—is outdated, slow, and cumbersome to use. Further, in some instances, data in PIC is not consistent with PHA records provided to Committee Majority staff.

19. HUD has historically lacked a contractor management system, leaving its review process for contractors insufficient. In 2024 alone, HUD estimated that

over $5 billion in contracts were issued across HUD's programs to contractors that HUD could not identify. Further, several troubled PHAs reviewed appeared to have several contracts that their leadership could not sufficiently support or rationalize.

20. HUD's assessments of PHAs are slow historically, often taking over a year to issue a final score after receiving data from PHAs. As a result, HUD can lack visibility into PHA operations and struggle to identify mismanagement, fraud, or embezzlement early in its lifecycle. Further, while HUD demands PHAs provide certain data annually, this information is insufficient for HUD to identify mismanagement and corruption from its oversight position.

21. HUD's Public Housing Assessment System can create counterproductive incentives. For example, the system may encourage PHAs to retain nonpaying residents, reducing rental revenue and weakening the authorities' financial condition. Similarly, the structure of HUD's programs, such as the Rental Assistance Demonstration (RAD) and Section 18 programs can incentivize PHAs to neglect managing and maintaining their properties.

22. HUD's new inspection protocol—National Standards for the Physical Inspection of Real Estate (NSPIRE)—is an improvement over HUD's legacy systems; however, inspectors appear to have inconsistent standards or grading criteria, leading to scoring inconsistencies. For example, inspectors apply different standards when determining if an issue constitutes a violation, exercise varying degrees of deference to PHAs, and inconsistently deduct points for violations.

23. HUD requires PHAs to conduct self-inspections once a year for Section 9 housing. Many PHAs elect to conduct these self-inspections only after receiving HUD's 28-day notice of an upcoming inspection. The PHAs that conduct more frequent self-inspections saw a greater improvement in their inspection scores and built better relationships with their residents.

24. There is historically a disconnect between HUD's field offices and HUD Headquarters regarding their communications with PHAs. PHAs frequently encounter instances where HUD Headquarters issues requests and makes decisions about PHAs without contacting the relevant field office.

25. The quality of technical support provided to PHAs by HUD field offices is inconsistent. Many PHAs report that their local field office provides valuable technical support; however, others report that the technical assistance at the same field offices is insufficient or slow.

26. HUD limits the reserves a PHA can maintain in the Section 9 Program to 3 months' worth of operating expenses. In the Section 8 Housing Choice Voucher Program (HCV), PHAs may only retain between 4 and 12 percent of their yearly budgetary authority. In many instances, PHAs had amassed

reserve funding that they sought to use for needed improvements or renovations to their properties, or in case of emergency, but instead was taken by HUD for exceeding reserve funding thresholds.

27. The RAD Program presents the most viable means for PHAs to improve the quality of their housing, but it also presents substantial dangers for PHAs with insufficient knowledge, expertise, and experience. Less sophisticated PHAs struggle to effectively design and plan a RAD project and have often selected harmful, malicious, exploitative, or incompetent development partners. Further, PHAs frequently struggle to balance their obligations to their existing residents and properties with their goal of redeveloping those properties.

28. The Trump Administration has greatly enhanced its support for and oversight of PHAs. Prior administrations were largely disengaged and overly deferential to PHAs. Under the Trump Administration, HUD has become much more directly engaged, both providing more support but also demanding a larger amount of accountability from PHAs and their leadership.

Recommendations

1. **Congress and HUD should consider setting baseline qualifications for PHA Boards of Commissioners and PHA leadership.** Congress and HUD should consider creating requirements that senior PHA officials and individuals appointed to PHA Boards of Commissioners have the necessary background and qualifications to effectively oversee their PHA and its executive leadership. Further, Congress and HUD should consider providing HUD the authority to remove non-performing or harmful PHA leaders.

2. **PHAs should develop systems and policies to enhance oversight of employees and contractors.** From not completing assigned work to engaging in alleged fraud, PHAs have struggled to ensure that their employees and contractors are behaving ethically and performing their work. To ensure that work is being performed and to better safeguard taxpayer resources, PHAs should implement systems and policies to allow for better oversight of PHA staff and contractors.

3. **HUD should evaluate the benefit of providing PHAs with model or template policies and procedures.** Providing model or template policies and procedures could minimize the associated costs of hiring third parties to design new policies and procedures.

4. **HUD should consider requiring PHAs to retain more robust maintenance records.** Several PHAs reported seeing inspection scores and the quality of their housing increase after they implemented policies requiring before-and-after photos for maintenance work performed. HUD should consider making such before-and-after photos a requirement of its programs.

5. **HUD should encourage PHAs to digitize their records, data, and operations management.** PHAs that digitize their records using affordable housing specialized customer relations management software can produce more and higher quality records, improve their maintenance timeliness and quality, help reduce employee headcount, thereby mitigating staffing challenges and saving the PHA money. HUD should consider requiring PHAs to digitize their records and use computers to support their operations. PHAs should consider implementing these systems as a best practice.

6. **PHAs should work to more effectively balance their responsibilities to their residents and taxpayers.** Certain PHAs allow residents to indefinitely remain in their unit without paying rent. This harms the PHA's bottom line, misuses taxpayer funds, and deprives a similarly needy individual from attaining affordable housing. PHAs should implement rent collection and eviction policies that safeguard their financial stability while remaining fair to their residents.

7. **Congress should consider legislation that permanently allows for and encourages PHAs to implement time limits on public housing assistance for able-bodied adult residents.** Generally, the PHAs subject to Committee Majority staff's review supported the concept of allowing time limits on affordable housing. Congress, HUD, and the PHAs should coordinate on how to best implement such requirements to ensure that limits do not disparately impact vulnerable Americans while also staying true to the purpose of the Section 9 housing program.

8. **Congress should consider legislation that permanently allows for and encourages implementation of work requirements for able-bodied adults in HUD Programs.** Nearly all PHAs in the Committee Majority staff's investigation support work requirements in these programs. Such requirements should increase rents collected by PHAs and bring these programs back to a more financially sustainable structure. Congress should consider making work requirements for able-bodied adults a permanent part of HUD's programs.

9. **PHAs should work to build relationships with their state and local government.** PHAs with poorer relationships with local officials struggled to receive basic services. PHAs should work to improve their relationships with their state and local governments to increase the flexibility of, and resources available to, their PHA. Importantly, PHAs must be careful not to allow local officials to exceed the scope of the housing programs that PHAs are required to implement.

10. **Congress should consider adjustments to DBA requirements to reduce the cost of maintenance for PHAs.** Congress should consider amending the DBA to reduce the financial, operational, and compliance burdens PHAs face in contracting. Adjustments to the DBA's compliance threshold would

allow PHAs to complete lower-value building projects at a lower cost, increasing PHAs' ability to make units available to residents and saving PHAs money. Further, streamlining DBA compliance may increase PHAs' and contractors' willingness to engage in contracts that implicate DBA.

11. **HUD should continue its efforts to improve its data systems and monitoring.** While HUD has already initiated efforts to improve its ability to monitor and oversee contracting and grants in these programs, it should work to modernize its entire suite of web portals and databases to ensure they are accurate, user-friendly, and helpful to the mission of improving affordable housing and mitigating waste, fraud, and abuse.

12. **HUD should consider making PHA data more readily available to the public.** While HUD makes some PHA data publicly available, centralizing PHA data and requiring PHAs themselves to issue regular public reports that outline their financial, operational, and management condition should increase the amount of information available to residents and applicants for PHA housing and improve oversight of PHAs.

13. **HUD should reassess the Public Housing Assessment System to remove conflicting incentives.** This includes considering scoring changes to address how the system currently incentivizes financial irresponsibility. Such a change could include weightings on PHA occupancy rates based on rent timeliness.

14. **HUD should consider adjusting its scoring methods for inspections.** This includes considering adjustments to better account for when issues are not caused by the PHA. Options for such changes include setting a maximum per-unit deduction amount or implementing a score modifier for inspections based on a PHA's self-inspection records and/or maintenance records.

15. **HUD should issue guidance to improve consistency in its inspections.** HUD must ensure that inspectors are uniformly and consistently conducting inspections under NSPIRE. HUD should provide clear, concise guidance on all aspects of conducting inspections, including how to classify and penalize deficiencies. Further, HUD should periodically audit its inspectors.

16. **HUD should accelerate its reviews and decision-making on its troubled PHA determinations.** Currently, there is a large lag between PHAs reporting their information to HUD and HUD making its troubled status determination. HUD must implement system and process improvements to allow it to make decisions regarding troubled PHAs more quickly.

17. **Congress and HUD should strengthen the requirements for PHAs' annual self-inspections.** HUD should consider providing guidance or requiring PHAs to conduct more frequent self-inspections or conduct them at set intervals throughout the year to prevent PHAs from conducting

inspections only before HUD inspectors' visits. PHAs should also increase their self-inspection frequency as much as practicable, but at minimum should conduct self-inspections quarterly to improve their facilities and relationships with residents.

18. **Congress and HUD should consider adjustments to the reserve limits for PHAs.** While reserve caps limit PHAs' ability to hoard funds and ensure that programmatic funds do not go unused for long periods of time, PHAs should be permitted to maintain a larger amount of reserve funding to cover emergencies and support capital improvements.

19. **HUD should consider changes to the RAD program to better protect PHAs.** The RAD program can be an important tool when used correctly, but PHAs frequently encounter hurdles throughout the process due to their lack of expertise and background in the RAD program or redevelopment more generally. HUD should consider creating resources such as template agreements, enhanced due diligence guidance, approved partner lists, best practices, and more active technical assistance to PHAs seeking to enter a RAD agreement.

20. **HUD should ensure that Section 18 applications for the demolition or disposition of property are processed in a timely manner.** To further ensure that PHAs do not allow property to fall into disrepair, HUD should review its policies to encourage expediency and efficiency in reviewing Section 18 applications. HUD should also consider technology or structural program changes aimed at ensuring prompt adjudication.

21. **HUD should consider prohibiting certain practices in advance of Section 18 or RAD Projects.** Several PHAs on HUD's troubled PHA list attribute their deficiencies in HUD's Public Housing Assessment System to the consequences of certain choices they made in advance of a delayed or failed RAD or Section 18 project. HUD should prohibit or heavily discourage PHAs from taking such actions prior to HUD's approval of the RAD or Section 18 proposal. Most importantly, HUD should prevent PHAs from intentionally neglecting properties and allowing properties to fall into disrepair to enable its Section 18 Demolition/Disposition Program. Regardless of any changes to HUD's regulations, PHAs must continue to maintain and occupy their properties until HUD has given its official approval for the RAD or Section 18 project.

BACKGROUND ON PUBLIC HOUSING AGENCIES AND FEDERAL HOUSING PROGRAMS

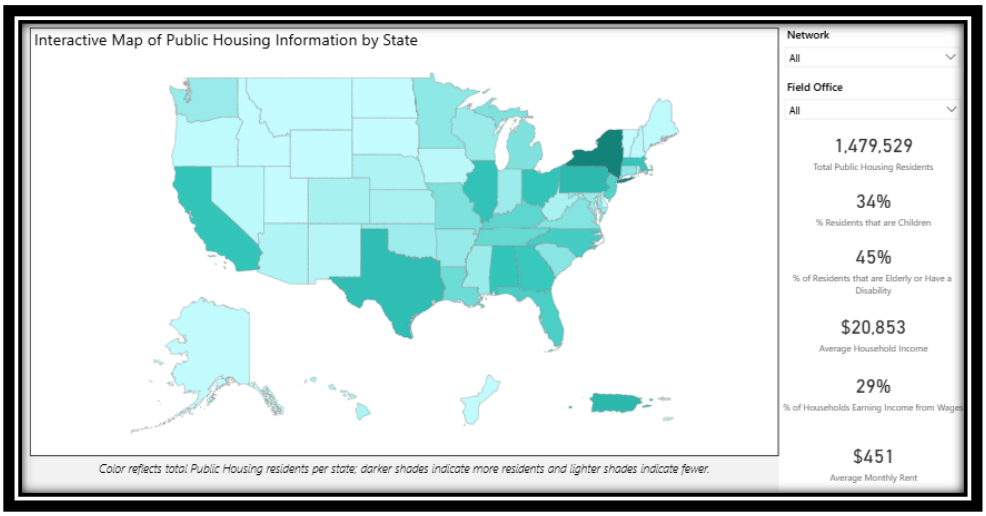
For nearly a century, the United States federal government has implemented programs aimed at making housing more attainable and affordable for Americans. In that time, the structure and purpose of federal housing programs have continuously evolved to prioritize different needs and income groups and based on federal policy preferences. For much of the history of federal housing programs, implementation has been decentralized, with local PHAs charged with administering these programs. Under this structure, PHAs are empowered to adapt their programs and offerings to better fit the needs of the local community. Simultaneously, this flexibility has resulted in PHAs achieving varied levels of success, with many PHAs falling short of their responsibilities to HUD and their residents.

A. Background on PHAs

Created as part of the *United States Housing Act of 1937*, PHAs are local entities established by state governments that are responsible for administering HUD housing programs in their communities.[16] PHAs are the main entities responsible for administering HUD's Section 9 program, also known as the Public Housing program, and they play an important role in the Section 8 programs.[17] In total, approximately $40 billion in federal funding was appropriated to these two programs in 2025.[18] Currently, there are over 3,000 PHAs nationally, which are responsible for administering or supporting housing for approximately nine million Americans across all 50 states.[19] Over 60 percent of PHAs have fewer than 250 assisted units, but the majority of residents (60 percent) live in larger PHAs with over 1,000 assisted units.[20]

[16] CONG. RSCH. SERV., IF-12547, IN FOCUS: THE PUBLIC HOUSING PROGRAM (2023).
[17] *Id.*
[18] U.S. DEP'T OF HOUS. & URBAN DEV., HUD BUDGET IN BRIEF (2025).
[19] *How Many People Live in Subsidized Housing in the United States*, USAFACTS.ORG (Aug. 27, 2024), https://usafacts.org/answers/how-many-people-live-in-subsidized-housing/country/united-states/.
[20] *Public Housing Facts*, COUNCIL OF LARGE PUB. HOUS. AUTHS., https://clpha.org/public-housing/facts (last visited Sep. 21, 2026).

Exhibit A: PHAs Nationally[21]



The governance structure of a PHA serves as a bridge between federal requirements and local community needs. State governments establish PHAs through a Housing Authority Enabling Act, after which a city council or county board may formally vote to create a local housing authority and appoint the PHA's Board of Commissioners who serve as the governing board of directors.[22] Federal law mandates that boards for PHAs with over 250 assisted units include at least one current tenant, the "Resident Commissioner," to ensure resident voices are represented in decisions, except for in certain instances.[23] A board's main responsibility is to hire PHA leadership, approve the PHA's annual budget, authorize major contracts, and adopt key plans and policies, including the PHA's Administrative Plan and Admissions and Continued Occupancy Policy (ACOP).[24] The board also has a legal fiduciary duty to ensure the PHA strictly complies with all federal civil rights and housing laws.[25]

Daily operations are managed by a PHA's executive team, usually led by an executive director or Chief Executive Officer (CEO), who reports to the Board of Commissioners.[26] The executive director or CEO is responsible for hiring staff, managing property portfolios, enforcing tenant policies, and overseeing procurement.[27] They also operate as the primary point of contact

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[21] *Public Housing (PH) Data Dashboard*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/helping-americans/public-housing-dashboard (last visited Sep. 21, 2026).
[22] *Public Housing Authority Structure Under U.S. Law,* NAT'L HOUS. AUTH. LEGAL NAT'L REFERENCE ENGINE, https://nationalhousingauthoritylegal.com/public-housing-authority-structure (last visited Sep. 21, 2026) [hereinafter NHA NAT'L REFERENCE ENGINE].
[23] 24 C.F.R. § 964.415 (2025). For example, in states where PHA boards are paid an annual salary, they are not required to have a resident commissioner. *See id.* § 964.405.
[24] *The Role of The Board of Commissioners*, HUD EXCH., https://files.hudexchange.info/resources/documents/PHA-Procurement-FAQ-Sheet-Board-of-Commissioners.pdf (last visited Sep. 21, 2026).
[25] NHA NAT'L REFERENCE ENGINE, *supra* note 22.
[26] *The Executive Director*, U.S. DEP'T OF AGRIC., https://www.rd.usda.gov/files/NE-351_ED_and_Board_Responsibilities.pdf (last visited Sep. 21, 2026).
[27] *Id.*

between the PHA and HUD.[28] PHA Boards of Commissioners are typically appointed and can be removed by local or county officials.[29]

B. History of Federal Housing Programs and PHAs

Federal housing programs in the United States trace their origins to intermittent, haphazard federal initiatives from the early 1890s through the end of World War I in 1918.[30] During this time, state and federal governments commissioned studies on "slums and blight" in American cities, and built housing for individuals working in shipyards and the defense industry to assist the war effort for the first World War.[31] The interwar period saw some standardization and permanence in housing initiatives, but it was not until the Great Depression that the groundwork for modern public and affordable housing programs was laid.[32]

Exhibit B: Tenement Housing Prior to Federal Affordable Housing Programs[33]

With the mortgage and housing markets in freefall, and with over 2 million construction workers out of a job, Congress passed the *National Housing Act of 1934*, creating the Federal Housing Administration (FHA).[34] The FHA provided government insurance for residential

[28] *Lead the Way: PHA Governance and Financial Management*, U.S. DEP'T OF HOUS. & URBAN DEV., https://oxnard.granicus.com/MetaViewer.php?view_id=93&clip_id=3672&meta_id=170336 (last visited Sep. 21, 2026).
[29] NHA NAT'L REFERENCE ENGINE, *supra* note 22.
[30] Roger W. Caves, *An Historical Analysis of Federal Housing Policy from the Presidential Perspective: An Intergovernmental Focus*, 26 URBAN STUD. 59, 60 (1989), https://www.jstor.org/stable/43192336 [hereinafter Caves].
[31] *Id.*
[32] *Id.*
[33] *Hoovervilles and Homelessness: Great Depression in Washington State,* UNIV. OF WASH., https://depts.washington.edu/depress/hooverville.shtml (last visited Sep. 21, 2026).
[34] *Federal Housing Administration History*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/aboutus/fhahistory (last visited Sep. 21, 2026).

mortgages and stimulus for housing construction, increasing housing supply by removing financial barriers to home ownership and by directly investing in home construction.[35] Then, in 1937, Congress passed the *United States Housing Act*, which allocated federal dollars to create and support local PHAs and state governments.[36] State governments and the newly established PHAs were tasked with primarily investing in the construction of rental housing for low-income Americans.[37]

The evolution of PHAs and federal housing programs then experienced a brief pause when the nation entered World War II.[38] Towards the end of the war, federal support for housing programs prioritized the construction of single family homes through loan guarantee programs like the GI Bill.[39] Congress then passed the *Housing Act of 1949*, which allocated funds to local authorities to clear slums and promote urban redevelopment, emphasizing supply-side intervention through new construction and expanding the scope of public housing, also known as Section 9 housing.[40]

Throughout the 1950s and 1960s, as more middle class Americans moved out of urban and Section 9 housing and into the suburbs, the proportion of low-income Americans living in Section 9 housing increased, resulting in PHAs constructing larger, more concentrated housing complexes.[41] When combined with the fact that PHAs largely relied on tenant rent payments for revenue, this development precipitated a decades-long decline in the quality of Section 9 housing.[42] High-rise apartment complexes, such as Pruitt-Igoe and Cabrini-Green in St. Louis and Chicago, respectively, became monuments to how Section 9 housing nationwide had failed its residents as they decayed throughout the latter portion of the 20th century.[43] Americans came to associate developments such as these with crime, drugs, and the breakdown of social order.[44]

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[35] Caves*, supra* note 30; Kevin Leacock, *A Brief History of Housing Policy in the U.S.*, NAT'L NURSE-LED CARE CONSORTIUM (Oct. 29, 2019), https://nurseledcare.phmc.org/advocacy/policy-blog/item/641:a-brief-history-of-housing-policy-in-the-u-s.html [hereinafter Leacock].
[36] *HUD's Historical Timeline: 1930-2010, The 1940s*, U.S. DEP'T OF HOUS. & URBAN DEV. https://www.huduser.gov/portal/hudtimeline_1940.html (last visited Sep. 21, 2026) [hereinafter HUD 1940S TIMELINE].
[37] Leacock, *supra* note 35.
[38] HUD 1940S TIMELINE, *supra* note 36.
[39] *Id.*
[40] *Housing Act of 1949*, AM. PLANNING ASS'N, https://www.planning.org/awards/2014/1949housingact.htm (last visited Sep. 21, 2026).
[41] Susan J. Popkin, *Lessons from 40 Years of Public Housing Policy,* URBAN INST. (June 14, 2024), https://www.urban.org/sites/default/files/2024-06/Lessons_from_40_Years_Public_Housing.pdf [hereinafter Popkin].
[42] *Id.*
[43] *Id.*
[44] *Id.*

Exhibit C: Pruitt-Igoe Facilities Less than Ten Years After Construction[45]

During this era, legislative solutions focused on the developing structural and cultural challenges emerging in federally supported housing proved to be ineffective in government-owned, Section 9 housing. The 1954 Amendment to the *Housing Act of 1949* prioritized conserving and rehabilitating existing housing projects.[46] The *Housing Act of 1956* added protections for elderly residents and some relief for displaced victims of urban renewal programs.[47] Title VII of the *Civil Rights Act of 1964* mandated nondiscrimination in housing programs receiving federal money, while Title VIII of the *1968 Civil Rights Act*, known as the *Fair Housing Act*, prohibited discrimination for housing sales, rentals, and financing.[48] Against this backdrop, Congress established HUD in 1965, which oversaw federal housing efforts and instituted a program to make private housing available to low-income families via an amendment to Section 8 of the *Housing Act of 1937*.[49]

Former residents of PHA-owned housing moved to privately-owned buildings utilizing the Section 8 program (more below), which offered a far wider array of housing options. The Section 8 program had several sub-components, the largest of which either (1) provided payment vouchers that could be used at privately owned properties, or (2) supported the construction and

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[45] Rebecca Baird-Remba, *The Tragic Demise of America's Most Ambitious Housing Project*, BUS. INSIDER (May 22, 2013), https://www.businessinsider.com/pruitt-igoe-myth-public-housing-project-2013-5 (showing the interior of Pruitt-Igoe Homes, which fell into disrepair and was demolished just 14 years after it was built).
[46] *HUD's Historical Timeline: 1930-2010, The 1950s*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.huduser.gov/portal/hudtimeline_1950.html (last visited Sep. 21, 2026).
[47] *Id.*
[48] *Id.*
[49] *Id.*

maintenance of privately-owned properties that are intended for low-income residents.[50] The exodus precipitated a now-renowned "housing mobility experiment," where several thousand low-income, African-American Chicago families moved out of segregated Section 9 neighborhoods and into Section 8 housing in middle-class areas.[51] According to a study of the experiment, children of the families who left Section 9 housing attained far better educational and employment outcomes than children who remained in Section 9 housing, which heavily influenced policymakers' views of federal housing programs going forward.[52]

While demand for affordable housing continued to climb from the late 1970s into the 1980s, the Reagan Administration instituted measures to improve the financial sustainability of federal housing assistance.[53] This included, for example, raising the amount residents were required to contribute to rent from 25 to 30 percent of income.[54] At the same time, government funding shifted to favor the more effective and efficient Section 8 programs, moving away from Section 9 housing and the construction of new Section 9 developments.[55] As a result, Section 8 became the primary vehicle through which the federal government addressed affordable housing issues.[56] Indeed, Section 9 housing production declined substantially during the 1980s, from a peak of 31,000 units built in 1982 to under 4,000 by 1990.[57]

Understanding the weaknesses within the Section 9 program, the 1990s saw renewed efforts at reform, with the major bipartisan housing overhaul, HOPE VI, being passed by Congress in 1992.[58] The program sought to remove the "blighted Section 9 housing projects and replace them with mixed-income, higher-quality developments."[59] Tenants in these new developments enjoyed higher-quality surroundings, lower crime, and superior outcomes.[60] Congress then passed the Quality Housing and Work Responsibility Act of 1998, which hybridized the Section 8 voucher and certificate programs, formally authorized HOPE VI, and, crucially, included the "Faircloth Amendment," which barred using Section 9 funding to construct any additional Section 9 housing units over 1999 levels.[61] HOPE VI and its related regimes defined national housing policy throughout the 2000s.[62] The program ended in 2008,

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[50] Popkin*, supra* note 41.
[51] Marc Seitles, *The Perpetuation of Residential Racial Segregation in America: Historical Discrimination, Modern Forms of Exclusion, and Inclusionary Remedies*, 14 J. LAND USE & ENV'T L. 89, 108 (1998), https://www.jstor.org/stable/42842721.
[52] *Id.*
[53] U.S. DEP'T OF HOUS. & URBAN DEV., HUD AT 50: CREATING PATHWAYS TO OPPORTUNITY 35 (2015), *available at* https://www.huduser.gov/hud50th/HUDat50Book.pdf.
[54] *Id.*
[55] Jeff Andrews, *Affordable housing is in crisis. Is public housing the solution?*, CURBED (Jan. 13, 2020), https://web.archive.org/web/20201013215803/https://archive.curbed.com/2020/1/13/21026108/public-housing-faircloth-amendment-election-2020 [hereinafter Andrews].
[56] *Id.*
[57] *Id.*
[58] Popkin, *supra* note 41, at 8-9.
[59] *Id.*
[60] *Id.*
[61] CONG. RSCH. SERV., RL34591, OVERVIEW OF FEDERAL HOUSING ASSISTANCE PROGRAMS AND POLICY (2019) [hereinafter CRS OVERVIEW OF FED. HOUS. ASSISTANCE].
[62] Andrews, *supra* note 55.

replaced thereafter by Choice Neighborhoods and the RAD programs in 2010 and 2012, respectively.[63]

The desire to move away from the increasingly unsustainable model of government-owned and operating housing continued in the 21st century. Most recently, dissatisfaction with existing options—to include Section 8 and Section 9 housing—has led to bipartisan majorities that have recognized the need to increase housing options by increasing housing production, particularly at the low- and middle-income price points. In the 119th Congress, this desire culminated in the passage of H.R. 6644, the *21st Century ROAD to Housing Act* (P.L. 119-101), which, as discussed above, made numerous changes to make more units of affordable housing available to more Americans, as well as increase quality of housing available to residents in the Section 8 and Section 9 programs.

C. PHA Programs and Operations

In the modern context, PHAs still implement the Section 9 Program, as well as several other HUD programs that have their roots in the federal government's early voucher efforts. The role of PHAs and their responsibilities vary substantially across these programs. While PHAs generally play the most direct role in administering the Section 9 Program, federal funding has generally shifted in favor of the more effective public-private partnerships in the Section 8 program. As a result, PHAs typically spend more time administering Section 9 housing while substantially more capital flows through PHAs in the Section 8 program. PHAs also implement several other smaller federal housing programs that are targeted at serving specific groups. In addition to their implementation of HUD programs, PHAs also have access to several HUD programs aimed at assisting PHAs in their operations.

1. *Section 9 Program*

The Section 9 program is federally subsidized, project-based rental housing owned and operated by local PHAs.[64] The Section 9 program provides low-income Americans with access to housing with income-based rent payments that are capped at 30 percent of resident qualified income. In carrying out Section 9 programs, PHAs and HUD enter into an Annual Contributions Contract (ACC), which outlines the PHA's exact responsibilities, duties within and around properties, and other requirements.[65] In that regard, the ACC is the foundational legal instrument governing the relationship between a PHA and the federal government.[66] It functions in practice as a restrictive covenant: the PHA receives millions of dollars in federal funding in exchange for relinquishing a significant degree of operational independence.[67]

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[63] *Id.*
[64] *See generally* CONG. RSCH. SERV., IF12547, THE PUBLIC HOUSING PROGRAM (2023).
[65] *Lead the Way: PHA Governance and Financial Management*, U.S. DEP'T OF HOUS. & URBAN DEV., https://oxnard.granicus.com/MetaViewer.php?view_id=93&clip_id=3672&meta_id=170336 (last visited Sep 21, 2026).
[66] *See generally* OFF. OF PUB. & INDIAN HOUS., U.S. DEP'T OF HOUS. & URBAN DEV., ANNUAL CONTRIBUTIONS CONTRACT, HUD-53012 (2019), *available at* https://www.hud.gov/sites/dfiles/OCHCO/documents/53012.pdf.
[67] 24 C.F.R. § 982.151 (2024).

Under HUD's current standard ACC format, the federal government treats Section 9 as a discretionary federal grant program, awarding federal dollars to PHAs via one of two funding streams[68] and subject to guardrails governing how the funds may be used and transferred.[69] The first funding stream is the Operating Fund, which bridges the gap between what low-income tenants pay in rent and a PHA's actual operating costs.[70] Because Section 9 rents are statutorily capped at 30 percent of a tenant's qualified income, tenant-generated revenue will never approach true market rent, making this funding stream essential to basic operations.[71] HUD awards PHAs funds for operating expenses through a complex formula that estimates the costs of administering a PHA based on its unit count, average property age, geographic region, and several additional factors.[72] The expected costs of running the PHA are then subtracted by the PHA's rent collection income, with the difference forming a PHA's subsidy payment.[73] PHAs can use these funds for on-site management, administrative salaries, leasing staff, maintenance and repairs, janitorial services, pest control, security services, insurance premiums, utility costs, resident participation activities, and similar items.[74]

The second funding stream is the Capital Fund Program, which PHAs can only use for long-term physical infrastructure investment, structural modernization, and emergency asset management.[75] To ensure Capital Fund dollars are not misdirected to operational expenses, like employee salaries, the Capital Fund cannot be used for daily operational expenses—they are intended solely to preserve the long-term physical viability of the housing stock.[76] HUD allocates funds from its Capital Fund based on a matrix that considers a PHA's location, unit count, and unit size, as well as the age of the PHA's properties.[77] To prevent PHAs from drawing on long-term modernization funds to address short-term budget shortfalls, HUD imposes fungibility rules that limit transfers between the two payment streams.[78] Under the Standard 20 Percent Rule, HUD prohibits large PHAs—those possessing more than 250 units—from transferring more than 20 percent of their Operating Funds into their Capital Fund to address physical repair backlogs.[79] An exception exists for smaller PHAs—those managing approximately 250 units or fewer—which can combine their capital, operating, and any Section 8 voucher funds into a single flexible pool.[80]

As congressional interest in affordable housing programs has shifted from Section 9 housing to more effective Section 8 alternatives, Congress enacted several adjustments to the Section 9 program. As noted, the Faircloth Amendment in the *Quality Housing and Work*

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[68] *See generally Policy Basics Public Housing*, CTR. ON BUDGET & POL'Y PRIORITIES, https://www.cbpp.org/research/housing/public-housing.
[69] 42 U.S.C. § 1437g(g). *See also* 24 C.F.R. § 905.314 (2024).
[70] 42 U.S.C. § 1437g(e).
[71] CONG. RSCH. SERV., R42734, INCOME ELIGIBILITY AND RENT IN HUD RENTAL ASSISTANCE PROGRAMS: FREQUENTLY ASKED QUESTIONS (2017).
[72] 24 C.F.R. § 905.195 (2026).
[73] *Id.* § 905.106(c). A PHA's subsidy can be reduced based on the PHA's occupancy rates. *Id.*
[74] *Id.* § 990.280(a)(4).
[75] *Id.* § 905.200.
[76] *Id.* § 905.202.
[77] *Id.* § 905.400.
[78] *Id.* § 905.314.
[79] *Id.* § 905.314(l)(1).
[80] *Id.* § 905.314(l)(2).

Responsibility Act of 1998 (QHWRA) instituted a federal statutory cap that prohibits PHAs from expanding their traditional Section 9 housing inventory beyond the levels that existed in October 1999.[81] The amendment effectively outlawed the net growth of Section 9 units, encouraging both PHAs and HUD to direct more focus to the Section 8 program.

Despite federal priorities shifting away from the Section 9 Program and toward Section 8 alternatives, PHAs are still legally obligated to provide security, maintenance, and administrative services.[82] The accumulated effect of these shifting policy preferences, in combination with the decision making at some PHAs, has contributed to a substantial national maintenance backlog at many PHAs. In total, HUD estimates that PHAs across the country face a $26 billion backlog in deferred maintenance.[83] With only a portion of capital needs being met through annual appropriations,[84] some PHAs have experienced significant physical deterioration, including persistent water intrusion and structural mold, widespread lead paint hazards, and failing heating, ventilation, and plumbing systems.[85] In response, Congress has authorized programs like the RAD Program, discussed in more detail below, to assist PHAs in addressing this backlog and transition their housing support and properties to the more sustainable and effective Section 8 program.

Applicants for Section 9 housing submit their applications directly to their PHA, which assesses resident eligibility, including certifying the applicant's income and conducting a criminal background check.[86] If a PHA does not have any available units, the PHA will place the applicant on a waitlist.[87] When an applicant is selected from a waitlist, they are provided with a notice that their unit is available and given 14 days to respond. Applicants can either accept the available unit or decline the unit but remain on the waitlist until another unit becomes available.[88] If applicants do not respond within the 14 days, they are removed from the waitlist.[89] PHAs often have long waitlists, frequently resulting in PHAs closing their waitlists to new applicants. On average, Section 9 applicants must wait over two years before being placed in a unit.[90]

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[81] *Faircloth Limit FAQs*, OFF. OF PUB. & INDIAN HOUS., U.S. DEP'T OF HOUS. & URBAN DEV. 1 (June 2020), https://www.hud.gov/sites/dfiles/PIH/documents/Faircloth-FAQ.pdf.
[82] Libby O'Neill et al., *Council of Large Public Housing Authorities Report: An Estimated $169 Billion is Needed to Preserve Nation's Public Housing*, NAT'L LOW INCOME HOUS. COAL. (Oct. 27, 2025), https://nlihc.org/resource/council-large-public-housing-authorities-report-estimated-169-billion-needed-preserve.
[83] Mica O'Brien & Susan Popkin, *What's Next for Public Housing Preservation and Redevelopment*, URBAN INST. (Oct. 28, 2020), https://www.urban.org/urban-wire/whats-next-public-housing-preservation-and-redevelopment [hereinafter O'Brien & Popkin].
[84] COUNCIL OF LARGE PUB. HOUS. AUTHS., LEGISLATIVE AND REGULATORY PRIORITIES (2026), *available at* https://clpha.org/sites/default/files/CLPHA-Legislative%20report%202026-digital%20%281%29.pdf.
[85] *Oversight of the Federal Government's Approach to Lead-Based Paint and Mold Remediation in Public and Subsidized Housing: Hearing Before the H. Comm. on Fin. Servs.*, 115th Cong. (2018) (statement of Jeffery K. Patterson, Chief Exec. Officer, Council of Public Housing Authorities), *available at* https://financialservices.house.gov/uploadedfiles/hhrg-115-ba04-wstate-jpatterson-20180626.pdf.
[86] 24 C.F.R. § 960 et seq. (2000).
[87] 24 C.F.R. § 960.206.
[88] *Id.*
[89] *Id.*
[90] *How Long do People Wait for Subsidized Housing in the US*, USAFACTS.ORG (June 25, 2026), https://usafacts.org/answers/how-long-do-people-wait-for-subsidized-housing/country/united-states/.

2. *Section 8 Programs*

The Section 8 program is made up of several component programs, all of which are aimed at providing affordable housing to residents through public-private partnerships. This includes voucher-based components that provide residents with vouchers to pay their landlord the portion of their rent that exceeds their income-based contributions. Vouchers are designed to provide access to privately-owned, geographically diverse affordable housing options without concentrating low-income Americans in insular, low-income communities, as had occurred in Section 9 housing. Additionally, the Section 8 program also has a component that operates similarly to a privatized version of the Section 9 program, where owners of residential buildings are paid to reserve some or all their units for low-income Americans. Key Section 8 programs that PHAs participate in are described below.

Housing Choice Voucher Program

HCVs originated in the *Housing and Community Development Act of 1974* and are currently the largest component program of the Section 8 program.[91] HCVs help low-income families, older adults, and individuals with disabilities access safe, quality housing in the private market by paying subsidies directly to participating landlords; households typically contribute 30 percent of their adjusted monthly income toward rent and utilities.[92]

To qualify for an HCV, applicants must meet several criteria. First, the applicant's household income cannot exceed HUD's low-income threshold, which is 80 percent of the Area Median Income.[93] Applicants must also meet HUD's definition of elderly, disabled, or otherwise low-income, and must be a U.S. citizen or hold eligible non-citizen immigration status.[94] All adult household members must also complete a screening process, including providing Social Security numbers.[95]

The application process begins when an applicant submits an initial intake form to a local PHA.[96] Given the program's high demand, PHAs may use a pre-application to screen for basic eligibility before conducting a full background check.[97] Once eligibility is confirmed, the applicant is placed on a waitlist, which given the program's popularity can take considerable time to clear.[98] To manage the volume of applicants, PHAs employ several waitlist management strategies. Some proceed in strict chronological order based on application timestamps; others use a randomized lottery system to place applicants on an active list when capacity opens.[99]

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[91] CRS OVERVIEW OF FED. HOUS. ASSISTANCE, *supra* note 61.
[92] *Id.*
[93] OFF. OF PUB. & INDIAN HOUS., U.S. DEP'T OF HOUS. & URBAN DEV., HOUSING CHOICE VOUCHER PROGRAM GUIDEBOOK (2019), *available at* https://www.hud.gov/sites/dfiles/PIH/documents/HCV_Guidebook_Eligibility_Determination_and_Denial_of_Assistance.pdf [hereinafter HUD HOUS. CHOICE VOUCHER GUIDEBOOK].
[94] *Id.* at 4-5.
[95] *Id.* at 14-15.
[96] *Id.* at 14.
[97] *Id.* at 4.
[98] 24 C.F.R. § 982.204 (2024).
[99] *Id.*

Beyond these mechanisms, PHAs may also prioritize populations with acute housing needs.[100] For example, local statutes typically establish preferences for families experiencing homelessness, veterans, individuals displaced by natural disasters or government action, and victims of domestic violence.[101]

Once an applicant reaches the top of the waitlist, the PHA conducts a formal interview and requires documentation, including proof of Social Security numbers, birth certificates, tax returns, bank statements, and current asset holdings. Applicants must also complete a criminal background check.[102] HUD prohibits individuals on the lifetime sex offender registry, involved in drug-related criminal activity, or who are or have been convicted of manufacturing methamphetamine on PHA property.[103] Upon passing final screening, the PHA issues the HCV, giving the applicant 60 days to identify a qualifying unit in the private market.[104] The PHA may grant extensions under certain circumstances, if the accommodation is reasonable.[105] Based on the Housing Authority's policies, if the search period lapses without a placement, the voucher may be rescinded and returned to the available pool.[106]

Project Based Vouchers and Project Based Rental Assistance

Project-Based Vouchers (PBVs) and Project-Based Rental Assistance (PBRA) are locally controlled tools used to stabilize and preserve affordable housing stock. Both function as a bridge between tenant-based subsidies like the HCV and traditional Section 9 infrastructure, but they operate through two parallel and distinct funding tracks. PBVs are administered at the local PHA level, while PBRAs are administered directly by HUD.[107]

PBVs are a discretionary component of the broader HCV program administered at the local PHA level.[108] The program allows PHAs to convert traditional tenant-based subsidies into place-based housing infrastructure tied to specific units.[109] To prevent PHAs from wholesale converting their voucher allocation into project-based commitments, which would effectively recreate the funding mechanism of Section 9 housing projects, federal law caps the proportion of vouchers a PHA may project-base at 20 percent of its total voucher allocation.[110] The *Housing Opportunity Through Modernization Act* created an exception, permitting PHAs to project-base

[100] 24 C.F.R. § 982.207(b)-(c) (2024).
[101] *Id.* § 982.207(b)(2)-(5).
[102] HUD HOUS. CHOICE VOUCHER GUIDEBOOK, *supra* note 93; *see also Common Documents for Public Housing and HCV Applicants*, U.S. DEP'T OF HOUS. & URBAN DEV., https://files.hudexchange.info/resources/documents/Common-Documents-for-Public-Housing-and-HCV-Applicants.pdf (last visited Sep. 21, 2026).
[103] 24 C.F.R. § 982.553(a)(1)-(2) (2024).
[104] *Id.* § 982.303(a).
[105] *Id.* § 982.303(b)(1)-(2).
[106] CHICAGO HOUS. AUTH., HOUSING CHOICE VOUCHER PROGRAM ADMINISTRATIVE PLAN 34 (Oct. 1, 2025), https://www.thecha.org/sites/default/files/2025-10/2026AdministrativePlan_10.25_BoardApprovedPolicies_0.pdf.
[107] *What is Project-Based Section 8? A Guide for Property Investors & Managers*, NAT'L CTR. FOR HOUS. MGMT. (Apr. 28, 2026), https://www.nchm.org/what-is-project-based-section-8/ [hereinafter PROJECT-BASED SECTION 8 HOUSING].
[108] 24 C.F.R. § 983 (2024).
[109] CTR. ON BUDGET & POL'Y PRIORITIES, POLICY BASICS PROJECT-BASED VOUCHERS (2026), https://www.cbpp.org/research/housing/project-based-vouchers.
[110] *Id.*

an additional 10 percent (or 30 percent maximum) provided the additional units are specifically designed to serve homeless individuals or families, veterans, elderly, or disabled individuals, and are located in census tracts with poverty rates below 20 percent.[111]

PBRAs, by contrast, are best characterized as legacy funding contracts over which HUD retains full autonomous control, bypassing the local PHA entirely through direct contracts between HUD and private property owners.[112] Originally conceived to accelerate the rapid development of affordable housing from the mid-1970s through the early 1980s, the PBRA program was effectively curtailed in 1983 when Congress repealed HUD's authority to execute new construction contracts, limiting the program to the renewal of existing legacy agreements.[113] PBRA funding flows through its own separate congressional appropriation, independent of local PHA voucher allocations, meaning localities cannot create new PBRA units or redirect PBRA funds.[114] Under this payment structure, tenants contribute 30 percent of their adjusted gross income directly to the private sector landlord, with HUD covering the remaining portion of the contract rent, adjusted annually based on local operating cost factors.[115]

The tenant selection process for PBVs differs meaningfully from the standard HCV application process. Rather than applying to a municipality-wide waitlist, prospective tenants must apply directly to a waitlist tied to the specific building in which they wish to reside.[116] Applicants may be on multiple site-specific lists simultaneously.[117] Eligibility requirements mirror those of the HCV program, but PBV landlords retain the right to screen referred tenants on the basis of rental history, credit scores, and background checks.[118] If a landlord rejects a PHA-referred applicant for valid reasons, the tenant remains on the waitlist and the PHA refers the next eligible candidate.[119]

3. *Section 18 – Demolition and Disposition Program*

The Section 18 Demolition and Disposition Program was established by the Housing and Urban-Rural Recovery Act of 1983 to create a standardized federal process for the removal of blighted Section 9 housing units.[120] Prior to this legislation, the federal government lacked a consistent statutory framework for oversight of the growing volume of demolitions and dispositions of deteriorating Section 9 housing stock.[121] The Section 18 program serves three primary purposes. First, it provides a mechanism for the removal of obsolete housing stock,

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[111] *HUD Provides Guidance on Implementing HOTMA Project-Based Voucher Provisions*, NAT'L LOW INCOME HOUS. COAL. (Nov. 13, 2017), https://nlihc.org/resource/hud-provides-guidance-implementing-hotma-project-based-voucher-provisions.
[112] PROJECT-BASED SECTION 8 HOUSING, *supra* note 107.
[113] *Id.*
[114] *Id.*
[115] *Id.*
[116] 24 C.F.R. § 983.251(c)(2)(i)-(iii) (2024).
[117] *Id.*
[118] 24 C.F.R. § 983.255(b)(2)(i)-(v) (2024).
[119] *Id.* § 983.253(a)(3).
[120] Ed Gramlich, *Repositioning of Public Housing: Demolition/Disposition, Voluntary Conversion to Vouchers, and Rental Assistance Demonstration*, NAT'L LOW INCOME HOUS. COAL. 4-77 (2025), https://nlihc.org/sites/default/files/AG-2025/4-77_Repositioning-of-Public-Housing.pdf.
[121] *Demolition and Disposition*, THE NAT'L HOUS. L. PROJECT (Sep. 7, 2017), https://www.nhlp.org/resources/demolition-and-disposition/.

allowing PHAs to clear units that are structurally unsafe, financially inviable to rehabilitate, or situated in hazardous locations.[122] Second, it enables PHAs to sell or transfer land to private developers, nonprofits, or other entities for the purpose of developing more efficient and sustainable affordable housing.[123] However, a PHA cannot put this money into its general operating fund—it must use the net proceeds strictly for affordable housing purposes.[124] Third, through the issuance of Tenant Protection Vouchers, it safeguards displaced tenants by providing them with the means to relocate to safer and more suitable affordable housing rather than remaining in uninhabitable conditions.[125]

HUD established a formal application process administered through its Special Applications Center, through which PHAs must demonstrate that a property has suffered severe physical degradation or is under significant financial distress.[126] HUD uses a strict and explicit financial threshold to show that a property is physically outdated or blighted.[127] Under HUD's Special Applications Center guidelines, for a property without elevators, a PHA must show that the cost of rehabilitating a property would be at least 57.14 percent of the total development costs.[128] For a property with elevators, the threshold increases to 62.5 percent of the total development cost.[129] While failing to meet these specific cost thresholds could bar a PHA from claiming physical obsolescence, HUD may still approve a Section 18 application under alternative grounds, such as neighborhood safety or operational efficiency.[130]

To address resident displacement caused by demolition, the program relies on Tenant Protection Vouchers (TPVs).[131] When a Section 18 demolition is approved, HUD issues TPVs to displaced families, granting them priority placement on the local PHA waitlist.[132] To contain costs, HUD limits TPV funding eligibility to units that are either currently occupied or were occupied by an assisted family within the twelve months preceding Section 18 approval.[133]

4. *RAD Program*

The RAD Program is a federal program administered by HUD that seeks to preserve and improve affordable housing by allowing PHAs to adapt Section 9 housing units into long-term

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[122] U.S. DEP'T OF HOUS. & URBAN DEV., NOTICE PIH 2024-40 (HA), DEMOLITION AND/OR DISPOSITION OF PUBLIC HOUSING PROPERTY, ELIGIBILITY FOR TENANT-PROTECTION VOUCHERS, AND ASSOCIATED REQUIREMENTS (2024) [hereinafter HUD NOTICE PIH 2024-40 (HA)].
[123] *Id.* at 3-5.
[124] *Id.* at 14, 17.
[125] *Id.* at 10.
[126] *Id.* at 1.
[127] CONG. RSCH. SERV., R41654, INTRODUCTION TO PUBLIC HOUSING (2014), *available at* https://www.everycrsreport.com/files/20140213_R41654_ea33861d88be714fd141d7381f838624f1f5b859.pdf [hereinafter CRS INTRO TO PUB. HOUS.].
[128] HUD NOTICE PIH 2024-40 (HA), *supra* note 122.
[129] *Id.* at 10.
[130] *Id.* at 6-7.
[131] *Id.* at 14.
[132] OFF. OF PUB. & INDIAN HOUS., U.S. DEP'T OF HOUS. & URBAN DEV., TENANT PROTECTION VOUCHER (TPV) FOR PUBLIC HOUSING ACTIONS 1 (2020), *available at* https://www.hud.gov/sites/dfiles/PIH/documents/TPV_Repositioning_FAQs_June_2020.pdf.
[133] *Id.*

Section 8 contracts.[134] The program is designed to encourage PHAs to transition their housing options from costly, outdated Section 9 housing to more modern Section 8 housing that will achieve better results for residents. RAD also seeks to address chronic repair backlogs by unlocking private financing for critical property improvements that public appropriations alone could not cover.[135] By shifting specific properties from Section 9 housing subsidies to long-term Section 8 contracts, RAD stabilizes PHA funding streams and improves properties' eligibility for mortgage financing and tax credit investment, making it significantly more attractive to private investors.[136] The program also includes tenant protections designed to maintain affordable rents and prevent displacement during and after conversion.[137]

RAD is intended to serve two different categories of properties. The first are properties and multifamily residences participating in the Section 9 program or undergoing specific mid-level renovations.[138] Under this category, PHAs may convert their units into either PBV or PBRA contracts.[139] Due to the benefits associated with shifting from Section 9 to Section 8 housing for PHAs and residents, RAD has been extensively utilized by PHA with over 260,000 units of Section 9 housing having already been converted through RAD by the end of 2024.[140] The second category of properties RAD applies to are those serving legacy HUD programs, under which all properties are converted entirely to PBVs or PBRA contracts. Unlike the first category, there is no cap on the number of legacy program units that can be converted.[141]

To initiate a RAD conversion, a PHA first identifies aging properties within its portfolio and applies to HUD for approval to convert the properties and potentially demolish or sell units.[142] HUD evaluates each application across four primary criteria: financial feasibility, physical need, regulatory compliance, and mandatory resident engagement,[143] though it appears that HUD's application process might not include sufficient assessments of qualifications and viability of some RAD partners to ensure a successful project. To satisfy the financial feasibility standard, the PHA must present a viable financial plan, a 20-year operating and maintenance forecast, and evidence of a capable development team.[144] The physical need assessment requires

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[134] *About RAD Public Housing*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/hud-partners/rad-program-details (last visited Sep 21, 2026).
[135] *Id.*
[136] *What is RAD? Understanding HUD's Rental Assistance Demonstration Program*, NAT'L CTR. FOR HOUS. MGMT (May 15, 2026), https://www.nchm.org/what-is-rad-understanding-huds-rental-assistance-demonstration-program/.
[137] U.S. GOV'T ACCOUNTABILITY OFF., GAO-18-123, RENTAL ASSISTANCE DEMONSTRATION – HUD NEEDS TO TAKE ACTION TO IMPROVE METRICS AND ONGOING OVERSIGHT (2018), *available at* https://www.gao.gov/assets/gao-18-123.pdf.
[138] Ed Gramlich, *Rental Assistance Demonstration*, NAT'L LOW INCOME HOUS. COALITION (2023), https://nlihc.org/sites/default/files/2023-03/2023AG4-09_RAD.pdf [hereinafter Gramlich].
[139] *Id.*
[140] *Rental Assistance Demonstration Fact Sheet*, RAD RESOURCE DESK, https://www.radresource.net/pha_data2020.cfm (last visited Sep. 21, 2026).
[141] Gramlich, *supra* note 138.
[142] *Fact Sheet for Public Housing Authorities and Owners of Section 8 Moderate Rehabilitation (Mod Rehab) or McKinney Mod Rehab Single Room Occupancy (SRO) Properties Converting Under the Rental Assistance Demonstration*, OFF. OF RECAPITALIZATION, U.S. DEP'T OF HOUS. & URBAN DEV. 4 (2018), https://www.hud.gov/sites/dfiles/Housing/documents/RAD_Fact_Sheet_PHAs_and_Owners.pdf.
[143] U.S. DEP'T OF HOUS. & URBAN DEV., Notice H-2019-09 / PIH-2019-23, RENTAL ASSISTANCE DEMONSTRATION (RAD) – FINAL IMPLEMENTATION, REVISION 4, 21-25 (Sep. 5, 2019).
[144] *Id.* at 96, 153-155, 160.

a Capital Needs Assessment conducted by an independent third-party inspector, as well as a separate environmental review of the property.[145] The resident engagement requirement mandates that the PHA hold two formal meetings with building residents prior to submission and include all written resident comments and the PHA's responses in the application package.[146] The regulatory compliance component requires an evaluation by the PHA confirming that the proposed conversion does not violate applicable civil rights laws, and the PHA must amend its official five-year or annual plan to formally incorporate the RAD conversion.[147] Even where all components are satisfied, HUD gives priority to properties facing the most severe physical or financial challenges and to those integrated into broader neighborhood revitalization plans.[148]

Once approved, the RAD conversion proceeds through several additional stages before completion. Following HUD's approval, the PHA must hold two additional resident meetings to provide updates on construction schedules, relocation plans, and tenant choice-mobility rights.[149] The PHA then submits a financing plan to HUD detailing the final underwriting commitments from lenders, tax equity investor commitments, the construction budget, architectural plans, and a report on the organizational structure governing property management upon completion. Upon reviewing and approving those disclosures, HUD issues a RAD Conversion Commitment, which constitutes the final authorization for the project to proceed.

D. Oversight and Assessment of PHAs

HUD is responsible for conducting oversight of PHAs to ensure they provide decent, safe, and sanitary housing to their residents and ensure that federal funds are not being squandered through waste, fraud, or abuse.[150] The majority of this oversight is conducted through periodic inspections, during which HUD-contracted inspectors visit and evaluate PHAs' Section 9 housing according to HUD's Real Estate Assessment Center's (REAC's) Public Housing Assessment System.[151] All PHAs with more than 250 units are assessed under this system annually, with smaller PHAs being assessed every two to four years, depending on past performance. This system uses a rubric worth 100 points, consisting of four component scores:

- *Physical Condition Score*: Inspectors use the NSPIRE protocol, which focuses on identifying threats to the health and safety of residents,[152] to assess the physical conditions of a PHA's properties.[153] PHAs are given a score out of 100 points, which makes up 40 percent of their score. PHAs fail their physical conditions assessment when they receive an inspection score below 60, which equates to a 24 or fewer points on the Public Housing Assessment System.[154]

[145] *Id.* at 23-26.
[146] *Id.* at 21-22, 47-48.
[147] *Id.* at 32.
[148] *Id.* at 114-117.
[149] *Id.* at 114-117.
[150] U.S. DEP'T OF HOUS. & URBAN DEV., PHA AND HUD RESPONSIBILITIES 7460.7 REV-2 (1995).
[151] 24 C.F.R. § 902 (2011).
[152] 24 C.F.R. § 5.701 (2024).
[153] 24 C.F.R. § 902.9(b)(1) (2011).
[154] *Id.* § 902.9(b)(1).

- *Financial Health Score*: HUD assesses the financial condition of a PHA to evaluate whether a PHA has sufficient financial resources to support the provision of housing that is decent, safe, sanitary, and in good repair.[155] As part of this assessment, HUD considers the PHA's quick ratio (QR), months expendable net asset ratio (MENAR), and debt service coverage ratio (DSCR).[156] PHAs are awarded a maximum of 25 points; those receiving 14 points or below are considered to have failed the financial health score under the PHAS system.[157] In instances where financial documentation is submitted after HUD's deadlines, PHAs receive a score of zero, which is known as a Late Presumptive Failure.

- *Management Operations Score*: HUD assesses management of operations by analyzing the PHA's occupancy rates, tenant accounts receivable (TAR), and accounts payable. Like financial health, PHAs can receive a maximum 25 points, with those receiving 14 or below considered as failing.[158]

- *Capital Fund Score*: HUD assesses a PHA's management of their capital fund by examining the time taken by a PHA to obligate capital funds. PHAs can earn a maximum of 10 points, with 4 or less considered failing scores.[159]

HUD calculates an overall score by aggregating the individual scores from these categories. The cumulative score (out of 100 points) represents a holistic assessment of a PHA's performance.[160] PHAs that score under 60 points are designated as troubled, unless additional factors suggest that a troubled designation is not warranted.[161] Notably, unlike the other individual scores, PHAs receiving a failing capital fund score are automatically designated as troubled, regardless of their other scores.[162] HUD utilizes a similar, but far more simplified review process for the Section 8 program, known as the Section 8 Management Assessment Program (SEMAP).[163]

Troubled PHAs are required to work with their HUD field office to outline how they intend to improve, and they must also submit to more frequent inspections of their properties.[164] Once placed on HUD's list of troubled PHAs, a PHA has two years to resolve, or make substantial progress in resolving, the issues HUD identified.[165] By law, PHAs may be removed from troubled status if, within one year, they reduce the difference between their assessed score and a passing score by 50 percent, and within two years, receive a passing score.[166] If a PHA

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[155] *Financial Assessment of FHA Housing (FASS-FHA)*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/reac/fass-fha (last visited Sep. 21, 2026).
[156] 24 C.F.R. § 902.9(b)(2) (2011).
[157] *Id.*
[158] 24 C.F.R. § 902.9(b)(3) (2011).
[159] *Id.*
[160] *Id.*
[161] 24 C.F.R. § 902.11 (2011).
[162] *Id.* § 902.9(b)(3).
[163] 24 C.F.R. § 985 (1999).
[164] 24 C.F.R. § 902.75 (2011).
[165] *Id.* As described below, a PHA may receive a failing overall score but not be designated as troubled if it can demonstrate that it has shown substantial improvement over the initial failing score. 24 C.F.R. § 902.66 (2011).
[166] 24 C.F.R. § 902.75(d) (2011).

does not sufficiently improve within two years, HUD has the ability to take control of the PHA.[167] Notably, HUD has seldomly exercised its option to take control—over 10 percent of PHAs designated as troubled have been on the list for over five years.[168]

STRUCTURAL ISSUES FOR PUBLIC HOUSING AGENCIES

With over 3,000 PHAs of differing sizes and localities, Committee Majority staff focused their review on PHAs that have been designated as troubled by HUD, as those entities represent PHAs whose challenges are the most pronounced and require the most improvement. In reviewing and assessing these PHAs, Committee Majority staff identified consistent issues and themes in the administration of public and affordable housing programs, many of which apply across the spectrum of PHAs. These include physical, cultural, financial, and operational challenges attributable to the nature of the industry, choices made by PHA leadership, and the structure of HUD's programs. While endemic structural problems should be mitigated, the vast majority of PHAs are capable of still effectively implementing these programs. Conversely, issues inherent to these programs, when combined with other factors discussed throughout this report, severely impacted the quality of PHA housing and their financial sustainability.

A. Building Standards and Aging Properties

The paramount concern for Congress, HUD, and PHAs in federal housing programs is ensuring that residents are provided with decent, safe, and sanitary housing. A major limiting factor in PHAs' ability to provide such housing is the age of their properties or the way they were constructed. Older properties require more frequent and more costly maintenance and were often not built to modern standards for ventilation and insulation, or in locations that would no longer be permissible under building and environmental codes.[169] Further, several PHAs struggled to maintain more modern properties that were built with suspect building practices. These factors greatly increase the cost of maintenance for PHAs and can make properties unlivable in some instances.

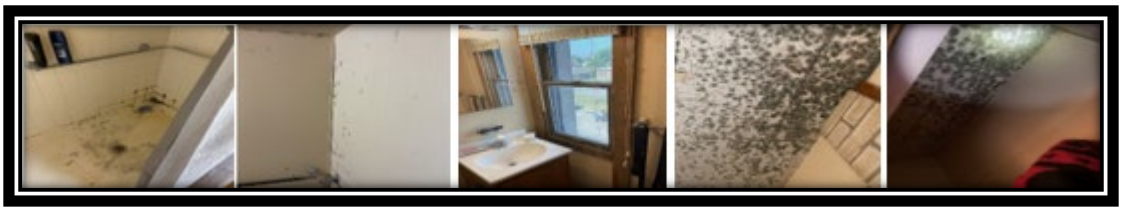
PHAs subject to Committee Majority staff review frequently attributed low physical inspection scores to the age of their properties and decades of deferred maintenance by former PHA leadership. Over 50 percent of the active units in Section 9 housing were built before 1975 and just 22 percent of units were built within the past 30 years.[170] As a result, the majority of PHAs' housing stock requires frequent maintenance or renovation.[171] In total, HUD estimates that PHAs across the country face a $26 billion backlog in deferred maintenance.[172] In addition to the burden of constant maintenance, many of the materials, fixtures, and appliances have limited parts availability or are no longer being produced, making any repair even more

[167] *Id.*
[168] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[169] Henry Walther & Ashwin Warrior, *The $169 Billion Challenge: Preserving America's Public Housing*, CTR. FOR PUB. ENTER., (Nov. 12, 2025), https://publicenterprise.org/the-169-billion-challenge-preserving-americas-public-housing/ [hereinafter Walther & Warrior].
[170] *Federally Assisted Housing Insights: United States*, PUB. & AFFORDABLE HOUS. RSCH CORP., https://public.tableau.com/app/profile/pahrc/viz/FederallyAssistedHousingInsightsDashboard/US (last visited Sep. 21, 2026).
[171] Walther & Warrior, *supra* note 169.
[172] O'Brien & Popkin, *supra* note 83.

expensive. While maintenance backlogs in Section 9 housing are severe, properties in Section 8 housing are typically in much better condition.[173]

Many older properties were also constructed to satisfy older building standards, which in some instances may not have been adequately planned around common building and maintenance challenges. Of PHAs reviewed by Committee Majority staff, older properties were frequently built insufficiently resistant to certain hazards such as mold, pest and vermin, which many of these PHAs struggled to mitigate. Both inspection records and Committee Majority staff visits reflect that PHAs that struggled with mold typically only did so at properties that were more than 50 years old.

Exhibit D: Mold in One Unit in a Dated Property[174]



Further, in several instances, properties reviewed by Committee Majority staff were not built to be sufficiently robust. In one instance, Committee Majority staff visited a property where the floors underneath the second-story bathrooms were insufficiently supported, resulting in several ceiling collapses, burst pipes, and flooding.[175] This naturally results in costly upkeep costs and compromises inspection scoring. In a separate instance, a PHA received property for free from a local religious charity at some point in the 1970s.[176] While visually appealing, this property was built by volunteers and has struggled to stand the test of time. This property frequently experiences leaks and has structural deformities, for which this PHA is currently undergoing a mixed RAD and Section 18 project to renovate.[177]

[173] Daniel Burke, *The Critical Importance of Project-Based Section 8 and Project-Based Vouchers in Advancing Housing Choice Mobility*, 33 J. OF AFFORDABLE HOUS. & COMMUNITY DEV. L. 2-3 (2025).
[174] PHA Inspection Documents (on file with the Committee).
[175] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[176] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[177] *Id.*

Case Study on Aging Properties

As part of its review, Committee Majority staff visited a small PHA with approximately 250 units of Section 9 housing located in an urbanized suburb outside of a mid-sized city.[178] HUD initially designated the PHA as troubled in 2018, making it one of the PHAs that has been troubled for the longest amount of time.[179] HUD's initial troubled designation was due to failing financial and operations management scores, but HUD's most recent assessment—conducted in 2023—found that the physical conditions of the inspected properties were also well below HUD standards.[180]

The PHA manages five properties split across two Asset Management Projects (AMPs)[181] and had historically received acceptable, if not exceptional, scores in HUD's assessment of its physical conditions.[182] Unfortunately, in 2021 and continuing through 2022, the PHA identified a large mold colony that had formed behind nearly every ceiling tile and every wall on one of these properties. This resulted in the PHA's inspection scores falling from 71 to 54.[183] The scale of the mold formation was such that the PHA needed to either demolish the entire building or replace essentially every ceiling tile and sheet of drywall.[184] Compounding this problem, the property was initially constructed with asbestos insulation, which required abatement when replacing the walls and ceilings.[185] The PHA conducted a review of all its other properties and identified that its older properties were more poorly ventilated, and thus had more mold than their newer properties.[186]

Due to the risks that disturbing asbestos can have on the health and safety of residents, the PHA elected to demolish this property using the Section 18 program.[187] This required the PHA to coordinate finding alternative living accommodation for all building residents.[188] HUD took nearly two years to approve the PHA's vacancy request, and due to the nature of how PHAs are funded, this greatly reduced the PHA's incomes. As a result, the PHA experienced simultaneous growth in its funding needs and a reduction in its operating income. After demolishing this property and having its vacancies approved, the PHA has since returned to a standard performing PHA.[189]

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[178] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[179] *Id.*
[180] *Id.*
[181] Asset Management Projects (AMPs) are how PHAs organize, score, and account for their properties for purposes of HUD reporting. While many PHAs allocate one property per AMP—meaning properties are scored on an individual basis—PHAs can group nearby properties into an AMP. In doing so, the financial, occupancy, and physical conditions of the properties are scored collectively. *See* 24 C.F.R. § 990 Subpart H (2026).
[182] PHA Inspection Documents (on file with the Committee); *see also* meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[183] PHA Inspection Documents (on file with the Committee); *see also* meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[184] Meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[185] *Id.*
[186] *Id.*
[187] *Id.*
[188] *Id.*
[189] 2025 PHA PHAS Scoresheet (on file with the Committee) [hereinafter 2025 PHA PHAS SCORESHEET].

B. Natural Hazards

In addition to the age of the properties, there are also instances where natural forces make maintaining certain properties challenging, if not impossible. Overall, approximately 32 percent of Section 8 and Section 9 housing sits on land that is at high or very high risk of natural hazards, and nearly 10 percent of Section 9 housing units sit on a 100- or 500-year floodplain.[190] Challenges with flooding and groundwater were common at older properties visited by Committee Majority staff and frequently harmed the foundation and structural soundness of PHAs' properties. In the short term, challenges with flooding can cause serious maintenance challenges for PHAs, with buckling or sagging of the foundation damaging drywall, floors and cabinets. In the long term, these properties can become uninhabitable and need to be demolished.

At one property reviewed by Committee Majority staff, groundwater and a nearby river were progressively destroying the foundation of the property, as well as the roads in its community.[191] The PHA that owns this property is struggling to afford the cost of keeping these properties safe and rentable and extends the process of making unoccupied units ready for new residents.[192] Unfortunately, the challenges with flooding and water damage at this property cannot be mitigated, and thus this PHA is unable to rebuild this property in the same location.[193] Given the costs of constructing an entirely new building on a different site, redevelopment efforts for this property have been time consuming. This PHA is planning to leverage the RAD program as well as support from its local government to allow for the units at this property to be replaced.[194]

In addition to flooding, PHAs visited by Committee Majority staff described challenges caused by natural disasters, extreme weather, erosion, and rockslides. Like flooding, these issues cause short-term maintenance challenges, frequently cannot be abated, and can result in the need to demolish the property.[195] The process of maintaining these properties and developing alternative housing can be costly and time consuming for PHAs, and throughout Committee Majority staff's review, PHAs frequently mismanaged these efforts.

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[190] Benny Docter & Martha Galvez, *The Future of Public Housing Fact Sheet*, URBAN INST., https://www.urban.org/sites/default/files/publication/101482/the_future_of_public_housing_public_housing_fact_sheet_1.pdf (last visited Sep 21, 2026) [hereinafter Docter & Galvez].
[191] Meetings with Committee Majority staff (May 28, 2026) (notes on file with the Committee).
[192] *Id.*
[193] *Id.*
[194] *Id.*
[195] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

Case Study on Natural Hazards

Committee Majority staff visited a large PHA with over 4,400 units of Section 9 housing located in a medium-to-large sized city. The PHA is among the largest PHAs on the troubled list.[196] The PHA manages seven large properties that offer Section 9 housing and several additional scattered site housing locations,[197] all split across 27 AMPs.

The PHA's initial troubled designation—which came in 2022—was due in large part to this PHA's physical condition scores, mostly driven by two heavily aged properties.[198] One of these properties contains 600 units and sits on a steep hillside that, as erosion continues, is at high risk for rockslides.[199] These factors forced the PHA to demolish the most at-risk units.[200]

In addition to the risk of rockslides from above, the ground beneath the property is shifting. This has resulted in damage to the foundation of the buildings on the property and led to the deterioration of roadways in the community.[201] During their visit, Committee Majority staff identified doors and drawers that would not close properly due to the shifting of the walls and floors.[202] Inspection records for the property show frequent issues with burst pipes and leaks.[203] Further, Committee Majority staff identified instances of floors buckling.[204]

The PHA is purportedly working to improve this property so that it can receive a passing score by HUD, but the PHA has struggled in the face of persistent maintenance issues.[205] Collectively, the costs required to maintain this property are too severe. The PHA had sought to convert the property through a mix Section 18 and RAD conversion—going so far as to agree to terms with a developer in 2019. However, due to delays and complications throughout the COVID-19 pandemic, work on this project has still not started more than seven years later.[206] The PHA also still needs to identify an alternative site for the residents of this property once it is demolished because these units cannot be rebuilt on the hillside where they currently stand.

C. Conflicting Program Incentives

While the passage of time and the presence of natural hazards cannot be prevented, programmatic incentives also exist for PHAs to allow the physical condition of their properties to deteriorate. Many PHAs that intend to renovate or rebuild a property through the RAD program,

[196] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[197] Scattered sites are PHA housing that are not directly part of a broader complex. These are typically single-family homes a PHA acquires or receives through a land bank. Frequently, scattered site houses are grouped with other properties to be scored within the same AMP. *About Scattered Sites*, PHILADELPHIA HOUS. AUTH., https://www.pha.phila.gov/housing/public-housing/about-scattered-sites/ (last visited Sep. 21, 2026).
[198] PHA Inspection Documents (on file with the Committee). *See also* Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[199] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[200] *Id.*
[201] *Id.*
[202] *Id.*
[203] PHA Inspection Documents (on file with the Committee).
[204] PHA Inspection Documents (on file with the Committee). *See also* meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[205] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[206] *Id.*

or intend to demolish the property through the Section 18 program, begin ignoring or neglecting maintenance on properties slated for redevelopment prior to receiving HUD's approval for the project.[207] This is primarily a cost-saving measure by avoiding repairs on units that will soon be demolished.[208] That said, it can result in residents in these facilities often experiencing unsafe or unsanitary conditions.[209] Additionally, many PHAs also elect to not place residents in units intended for redevelopment or demolition to avoid needing to find alternative accommodations for that resident later.[210] While these policies are potentially rational responses to the incentives established in HUD's programs, ignoring maintenance and failing to occupy units is a tremendously high risk practice. More importantly, these practices contribute to poorer living conditions for residents and deprive individuals in need of affordable housing.

Nearly every PHA that spoke to Committee Majority staff admitted to deferring or deprioritizing maintenance on properties it was planning to renovate through RAD and the Section 18 program.[211] A more concerning variant of this practice was present at a minimum of two PHAs reviewed by Committee Majority staff, where the PHAs sought to accelerate the decline of properties to increase the likelihood their Section 18 application was accepted.[212] For HUD to approve a Section 18 application a PHA must show that property "has structural or physical deficiencies that cannot be corrected in a cost-effective manner to restore its useful life," and by accelerating the properties' decline, the PHAs were seeking to force HUD's hand.[213]

Ultimately, if HUD does not approve the RAD project, or if there are delays in completing the project, PHA facilities can decay excessively contributing to elevated maintenance costs to make the unit habitable.[214] Further, reduced occupancy, either due to an intentional decision by the PHA or the PHA's inability to rehabilitate units after it elected to ignore maintenance, results in lower subsidy payments from HUD. Together, these issues form a feedback loop that amplifies the challenges of improving neglected units. In several instances, PHAs' conscious choice to depopulate units and avoid maintenance on properties slated for redevelopment were driving factors behind a PHA being designated as troubled,[215] which itself typically further delays or results in the cancellation of RAD projects.

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[207] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 2026); meetings with Committee Majority staff (June 17, 2026).
[208] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 15, 2026); meetings with Committee Majority staff (June 17, 2026).
[209] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 15, 2026); meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[210] When PHAs redevelop properties, they are responsible for providing alternative living accommodations for residents displaced during the redevelopment work; *Public Housing Occupancy Guidebook*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/sites/dfiles/PIH/documents/PHOG_Transfers.pdf (last visited Sep. 21, 2026).
[211] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[212] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[213] *Repositioning Public Housing*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/helping-americans/public-indian-housing-sac/repositioning-options#1 (last visited Sep. 21, 2026).
[214] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[215] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

Case Study on RAD/Section 18 Incentives

Committee Majority staff visited a medium-to-large-sized PHA with approximately 750 units located in a suburb of a major metropolitan area. HUD initially designated the PHA as troubled in 2022 due to its failing physical condition and operations management scores.[216] At that time the PHA received a score of just 47 out of 100 on HUD's assessment of the physical conditions of its properties and maintained occupancy rates as low as 50 percent in some of its developments.[217] While the PHA's issues with physical conditions and occupancy appear, on the surface, to be unrelated, they are both at least partially due to how the RAD and Section 18 program are structured.[218]

Starting in 2018, the PHA's prior leadership spent years designing and planning several redevelopment projects using a mix of the Section 18 and RAD programs, hoping to eventually convert all Section 9 housing into some form of Project-Based housing.[219] While still planning its proposals, the PHA's prior leadership elected to only conduct emergency and life-threatening maintenance work on several of the properties it intended to redevelop.[220] The PHA's prior leadership believed this would save money and that accelerating the decay of these units would help it satisfy HUD's standards for physical obsolescence in the Section 18 program. Committee Majority staff toured one of these units and found them in a state of total disrepair.[221] At some point, vagrants had entered and abused the unit. The walls were riddled with holes and crumbling, exposing plumbing and framing. The unit was insufficiently weather-proofed, resulting in large amounts of water damage and apparent mold colonies.[222]

Additionally, the PHA's prior leadership decided to not allow new residents to move into vacant livable units while finalizing its RAD and Section 18 proposals.[223] The PHA's leadership explained to Committee Majority staff that reducing occupancy would reduce the burden of finding alternative living options for residents temporarily displaced by the renovations at its properties.[224] While this approach may have some benefits in the short term, low occupancy rates result in a reduced subsidy from HUD, which is needed to help bring heavily deteriorated units back online.[225]

[216] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[217] PHA Inspection and Occupancy Documents (on file with the Committee).
[218] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[219] *Id.*
[220] *Id.*
[221] *Id.*
[222] *Id.*
[223] *Id.*
[224] *Id.*
[225] *Id.*

Case Study on RAD/Section 18 Incentives *Cont.*

In building out its RAD and Section 18 proposals, the PHA encountered several roadblocks that consistently delayed its projects. This included challenges identifying and vetting a private sector partner, as well as general business delays that accompanied the COVID-19 pandemic.[226] As these projects continued to be delayed, the physical condition of properties the PHA had elected to forgo maintenance on continued to deteriorate, and its occupancy rates continued to decrease.[227] Due to the PHA anticipating all of its units undergoing a RAD conversion and longstanding neglect, the PHA still has a substantial number of unoccupied units, with its current occupancy rate, including HUD-approved vacant units, sitting just above 70 percent as of July 2026.[228] Currently, more than half of the PHA's units are not available to potential tenants. Many of these unoccupied units are in a state of utter disrepair, and while the PHA believes it can successfully convert all of these units through RAD,[229] it has likely let these units decay to such an extent that, if the RAD deal fails or cannot be finalized, these units will remain unleasable. Positively, in early 2026—after eight years of planning and negotiation—the PHA received final approval for two of its five planned RAD and Section 18 projects, including the property at which the PHA had intentionally deferred maintenance.[230]

In addition to the conflicting incentives in the Section 18 and RAD programs, the Public Housing Assessment System that HUD uses to assess PHAs in the Section 9 program also creates a potentially harmful incentive for PHAs. Under the Public Housing Assessment System, PHAs can be awarded as many as 16 out of 100 points on HUD's assessment methodology just by having sufficiently high occupancy rates.[231] Conversely, under this system, PHAs can only score up to six points in HUD's assessment of their TAR.[232] Under this structure, PHAs are incentivized to allow residents to remain in Section 9 housing indefinitely, even when they should be evicted, to attain better occupancy rates.[233] In fact, a PHA that collects no rent at all can still receive a passing operations management score if its occupancy rate is greater than 98 percent.[234] Given that approximately 50 percent of a PHA's operational funding comes from rent collections, PHAs that maintain occupancy rates by allowing nonpaying residents to remain in their units will experience financial distress over time.

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[226] *Id.*
[227] PHA Inspection Documents (on file with the Committee).
[228] PHA Occupancy Documents (on file with the Committee). *See also* meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[229] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[230] *Id.*
[231] *PHAS Indicator Calculations Worksheet for FASS and MASS Indicators: Instructions and Guidelines*, U.S. DEP'T OF HOUS. & URBAN DEV., https://files.hudexchange.info/resources/documents/PHA-Indicator-Calculations-Worksheet-Instructions.pdf (last visited Sep. 21, 2026) [hereinafter *PHAS Indicator Calculations Worksheet*].
[232] *Id.* at 15-17.
[233] *Id.*
[234] *Id.*

Case Study on Occupancy Incentives

One PHA reviewed has approximately 300 units located in a small city and surrounding rural areas. HUD initially designated the PHA as troubled in 2022 due in part to its failing operations management scores, which were driven by low occupancy rates.[235] Soon after receiving its troubled designation, the PHA's former executive director retired, leaving responsibility for remediating the PHA's issues to his successor.[236]

The PHA's current executive director, to quickly improve the PHA's PHAS scores, has exploited the conflicting incentives in HUD's PHAS system.[237] Specifically, the PHA's executive director has elected to not evict residents for rent nonpayment. Thus, occupancy rates appear high, and the PHA receives better scores on its assessments.

The PHA's occupancy rates being nearly at HUD's desired benchmark,[238] however, comes at the cost of its fiscal responsibility. To that end, the PHA's failure in evicting nonpaying residents has greatly increased its TAR. At the end of Fiscal Year 2025, the PHA's TAR was nearly $300,000, contributing to a TAR ratio on HUD's assessment of 3.5, over two times higher than HUD's target of 1.5, and 40 percent above HUD's threshold for scoring zero points.[239] Concerningly, the PHA's executive director indicated that, as of July 2026, the PHA's TAR was likely closer to $400,000, which would bring the PHA's TAR ratio up to approximately 4.75.[240] To better contextualize these numbers, this PHA has more outstanding rent due than a nearby PHA that is more than twice its size and also received zero points in HUD's assessment of its TAR.[241]

Given that a substantial portion of a PHA's operational funding comes from rent collection, failure to collect rent undermines the PHA's bottom line and impacts the quality of its housing. In fact, the impact of the PHA's conscious non-collection was evident during Committee Majority staff's visit, with only a skeleton crew of staff remaining, and maintenance clearly being neglected across properties.[242] The PHA will likely continue to experience additional budgetary shortfalls as it artificially inflates its occupancy rates. The deferred maintenance will simply result in more residents being subject to unclean or poor living conditions.

[235] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[236] *Id.*
[237] *Id.*
[238] *Id.*
[239] PHA Financial Records (on file with the Committee); *see also* meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[240] PHA Financial Records (on file with the Committee); *see also* Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[241] PHA Financial Records (on file with the Committee); *see also* Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[242] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).

D. Funding Structure in the Section 9 Program

Some PHAs also struggle to navigate the funding structure of the Section 9 program due to the inherent weaknesses of the program and evolutions in its intended beneficiaries. At the inception of the Section 9 programs, housing benefits were typically targeted to working class families, where the adult residents often worked as police officers, teachers, and nurses.[243] At this time, the Section 9 program resident typically had reliable sources of good income from which PHAs could draw rent.[244] Under this structure, PHAs collected sufficient rental income to cover all of their operating costs and maintenance needs, with the federal government only supporting the initial construction costs.[245]

Over time, the Section 9 program began to serve a larger number of individuals with low, or no, income, greatly reducing rents collected by PHAs.[246] Contemporaneously, Section 9 buildings initially constructed by the federal government began to require more frequent and costly maintenance, exacerbating costs. These evolutions revealed the underlying structural and funding weaknesses within the Section 9 program, with PHAs unable to collect sufficient rent to effectively maintain their properties.[247] While HUD now provides a subsidy for PHA operations and capital improvements, the decline in rental incomes have made financial management more challenging than in the early years of the Section 9 program.[248]

Despite the inherent flaws of the Section 9 program, most PHAs can still effectively manage their responsibilities in these programs. Committee Majority staff's review found that PHAs that were poorly managed or did not adequately maintain financial documentation struggled to navigate the Section 9 program and its funding structure.[249] Conversely, those PHAs in Committee Majority staff's review that were well managed found that the current funding structure, especially with options like the RAD program, were sufficient to satisfy the needs of their PHA and residents.[250]

Further, the necessary limitations on the construction of new Section 9 housing units under the Faircloth Amendment have impacted the ability of some PHAs that too heavily rely on the outdated Section 9 model to effectively leverage their talent or skills to generate the operating revenue they require. In a small number of instances reviewed by Committee Majority staff, PHAs had executive leadership who were exceptionally skilled at property development but were less skilled at other matters like property management. If Section 9 had been a more viable program for the 21st century, those PHAs whose leadership are effective developers, might have relied on a strategy of attempting to increase their total unit count with new Section 9 housing, which could increase rental incomes and increase efficiencies through economies of scale; potentially providing capital to mitigate or overcome their other management shortcomings or

[243] CRS INTRO TO PUB. HOUS., *supra* note 127.
[244] *Id.*
[245] *Id.*
[246] *Id.*
[247] *See generally Rent Collection Challenges in Public Housing Agencies*, PUB. HOUS. AUTH. DIRS. ASSOC. (Dec. 8, 2023), https://www.serc-nahro.org/wp-content/uploads/Documents/2024_Fall/PHADA/TARs_FactSheet_FINAL%20%282%29.pdf.
[248] *Id.*
[249] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[250] PUB. HOUS. AUTH. DIR. ASSOC., *supra* note 247.

challenges. Very few PHAs have this specific set of skills, and the potential benefits of scale are only speculative. More importantly, studies have consistently shown that Section 9 housing achieves worse results for residents than Section 8 assistance, and that the Section 8 program more efficiently uses taxpayer dollars.[251] For these reasons, programs like the RAD program have been implemented to encourage PHAs to move large portions of their Section 9 housing to Section 8.

While the funding structure of the Section 9 program can strain PHA operations, it is not an insurmountable challenge. Approximately 90 percent of PHAs satisfy HUD's requirements for financial management.[252] The remaining ten percent of PHAs were unable to navigate the financial landscape of the Section 9, and in some instances Section 8, programs.[253] In total, the evolution of the funding structure of the Section 9 program has effectively reduced the slack in these programs for PHAs, demanding sound financial documentation and decision making to successfully navigate.[254]

E. Occupancy

As noted above, the Section 9 program is structured such that PHAs are heavily incentivized to improve occupancy rates, but PHAs also face severe structural issues when seeking to attain or maintain sufficiently high occupancy rates. These challenges include compliance with HUD rules and other regulations that can drive up costs for PHAs or delay PHAs filling units. While PHAs can, and have, elected to allow nonpaying residents to remain in their properties to artificially inflate occupancy rates, many PHAs report that improving occupancy rates in a financially sustainable manner is much more challenging.

One of the driving factors behind low occupancy rates is PHAs struggling to make a unit ready for a new resident. Several PHAs highlighted to Committee Majority staff that this process is often more costly and time-consuming than expected.[255] The high cost of unit turns is due to a range of factors discussed throughout this report, including DBA wages, staffing shortages, and residents not reporting damage or maintenance issues to PHAs.[256] When preparing a unit for a new resident, PHAs report frequently identifying unreported maintenance items that must be remediated before the new resident moves in.[257] Further, due to the heightened contracted labor costs associated with the DBA, these repairs are frequently expensive.[258] As a result, PHAs are often slow to repopulate a unit.

Several PHAs that spoke with Committee Majority staff also noted that, while they maintain a waitlist of people who could potentially fill a vacant unit, this process is often longer and more cumbersome than anticipated. When PHAs have a vacancy, they offer the next

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[251] Leacock, *supra* note 35.
[252] *Id.*
[253] PUB. HOUS. AUTH. DIR. ASSOC., *supra* note 247.
[254] *Id.*
[255] Meetings with Committee Majority staff (May 27-28, 2026); meetings with Committee Majority staff (June 16-17) (notes on file with the Committee).
[256] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[257] Meetings with Committee Majority staff (May 27-28, 2026); meetings with Committee Majority staff (June 16-17) (notes on file with the Committee).
[258] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).

available unit to the person highest on the waitlist, who then has 14 days to respond.[259] Waitlists are common at PHAs, but without the PHA actively monitoring their waitlists, they frequently include deceased people, individuals that have moved, or people who are no longer eligible for affordable housing.[260] This is even more likely for individuals towards the top of chronological waitlists, who have typically been waiting longer.[261] As a result, PHAs mentioned that it can take months to finally identify an eligible resident to move into the vacant unit.[262]

Additionally, issues with occupancy frequently evolve into financial issues for PHAs. In addition to not collecting rent for vacant units, PHAs also receive a reduced subsidy from HUD based on their number of vacancies.[263] Low occupancy leading to reduced rent collections combines with HUD's reduced subsidy payments to create a negative feedback loop where PHAs are in need of funds to rehabilitate units to move residents in,[264] but receive less funds due to the absence of a resident in the unit. In Committee Majority staff's review, this frequently resulted in vacancy rates continuously increasing despite seeking to improve occupancy rates.

F. COVID-19 Pandemic

Nearly every PHA that Committee Majority staff met with pointed to the COVID-19 pandemic and the government's response as the primary cause of the issues plaguing PHAs today. While the COVID-19 pandemic detrimentally impacted all Americans, businesses, and entities, for PHAs, it amplified staffing and maintenance challenges, delayed essential projects, and compromised their financial health.[265] In particular, PHAs pointed to the eviction moratorium and its consequences as the single most harmful part of the COVID-19 pandemic for their operations.[266]

In immediate response to the COVID-19 pandemic, Congress passed the *CARES Act*, which created a temporary moratorium on eviction filings and, what was intended to be, a temporary requirement to provide 30-day eviction notices to tenants in federally-supported housing.[267] Congress extended the moratorium through January 31, 2021, [268] after which the

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[259] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee); 24 C.F.R. § 982.204.
[260] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee): 24 C.F.R. § 982.204.
[261] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee); 24 C.F.R. § 982.204.
[262] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee); 24 C.F.R. § 982.204.
[263] *Operating Fund Program: Training Series for Public Housing Authorities*, U.S. DEP'T OF HOUS. & URBAN DEV., https://files.hudexchange.info/resources/documents/Public-Housing-Operating-Fund-Training-for-PHA-Staff-Part-Three-Calculation-of-Operating-Subsidy-Eligibility-Slides.pdf (last visited Sep. 21, 2026).
[264] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 16-17, 2026) (notes on file with the Committee).
[265] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[266] *Id.*
[267] CONG. RSCH. SERV., R48955, CARES ACT EVICTION NOTICE REQUIREMENTS: BACKGROUND AND RECENT DEVELOPMENTS (2026).
[268] *CDC Museum COVID-19 Timeline*, CTR. FOR DISEASE CONTROL & PREVENTION, https://www.cdc.gov/museum/timeline/covid19.html (last visited Sep. 21, 2026).

Biden Administration unilaterally extended it through July 2021,[269] despite the ongoing process of reopening the country.[270] The Supreme Court struck down the Biden Administration's extension in August 2021 due to it having exceeded the bounds of its emergency powers.[271] In addition to the federal moratoriums on evictions, individual states, such as California, New York, and New Jersey, issued statewide eviction moratoriums that lasted well into 2022.[272] Despite Congress intending for the 30-day eviction notice requirement in the *CARES Act* to be temporary, some have argued that the language of the *CARES Act* created a permanent requirement.[273] To that end, throughout the 118th and 119th Congress, the Committee Majority have sought to resolve the drafting error that caused the 30-day notice to vacate requirement.[274]

The most challenging and direct consequence of the eviction moratorium was the inability to remove residents for nonpayment of rent. PHAs found that many, if not most, of their residents viewed the eviction moratorium as an opportunity to not pay rent.[275] As a result, TAR at many PHAs skyrocketed.[276] Given that roughly half of PHAs' operational funding comes from rent collections,[277] the broad nonpayment of rent severely compromised PHAs' cashflow.[278] HUD also paused its public housing assessments during the COVID-19 pandemic. As a result, PHAs that accrued large TARs during the eviction moratorium were scored adversely in their subsequent assessments,[279] though HUD did make some scoring adjustments aimed at accounting for inflated TARs.

The high TAR also necessitated PHAs undergoing a broad eviction and rent collection effort following the lift of the moratoriums.[280] As PHAs moved to evict highly delinquent residents, the backlog of needed evictions combined with the restrictions and limitations at local courts exacerbated the problems that PHAs faced.[281] During the COVID-19 pandemic, most local courts were operating at a reduced capacity, often attempting to handle cases through online video channels, which created a substantial backlog of cases.[282] One PHA estimated that some

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[269] *Id.*
[270] *Id.*
[271] Sanford P. Shatz & Shaun K Ramey, *Supreme Court Strikes Down the CDC's Second Eviction Moratorium*, AM. BAR ASS'N (Sep. 14, 2021), https://www.americanbar.org/groups/business_law/resources/business-law-today/2021-september/supreme-court-strikes-down-the-cdc/.
[272] *Eviction Moratoriums by State*, LAW DIST., https://www.lawdistrict.com/articles/eviction-moratoriums-by-state (last visited Sep. 21, 2026).
[273] H. COMM ON FIN. SERVS., H.R. 1078, RESPECTING STATE HOUSING LAWS ACT, H. REP. NO. 119-521 (2026).
[274] *Id.*
[275] Meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[276] U.S. DEP'T OF HOUS. & URBAN DEV., PIH NOTICE 2024-09PIH, EXTENSION OF THE ADJUSTMENT TO TENANT ACCOUNTS RECEIVABLE (TAR) SUB-INDICATOR UNDER THE MANAGEMENT ASSESSMENT SUBSYSTEM (MASS) INDICATOR FOR THE FISCAL YEAR 2023 PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) ASSESSMENT CYCLE (Apr. 8, 2024).
[277] *Rent Collections in Public Housing*, PHADA (Dec. 18, 2023), https://downloads.regulations.gov/HUD-2023-0098-0220/attachment_2.pdf.
[278] Meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[279] *Id.*
[280] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[281] Gina Jurva, *The Impacts of the COVID-19 Pandemic on State & Local Courts,* THOMSON REUTERS (Aug. 24, 2021), https://www.thomsonreuters.com/en-us/posts/legal/pandemic-impact-courts-report-2021/.
[282] *Id.*

post-moratorium evictions took nearly two years to complete,[283] and several other PHAs noted that their local courts had only recently cleared out their backlog of cases.[284]

In addition to the eviction-related issues, many PHAs expressed frustration with the challenges that the COVID-19 pandemic presented in pursuing public-private partnerships, such as in the RAD program.[285] Dealmaking during the COVID-19 pandemic became more challenging due to the lack of in-person interaction and elevated staff turnover, harming ongoing negotiations and stalling progress on many development projects.[286] Additionally, partnerships in certain programs require a resident consultation period, which took substantially more time during the COVID-19 pandemic, as PHAs could not hold large hearing-style meetings to gather resident feedback.[287] Even when deals could be brokered, the COVID-19 pandemic, and the associated closure of "non-essential businesses," greatly increased construction and contracting costs.[288] In 2022, steel prices more than doubled pre-pandemic levels, and lumber prices increased as much as 323 percent.[289] While supply chain issues have subsided, as of 2025, construction material costs remained 40.5 percent higher than February 2020.[290]

Several PHAs also reported experiencing severe staffing shortages during the COVID-19 pandemic. In many instances, staff at PHAs quit, retired, or demanded a remote work option, often due to fears of catching and spreading COVID-19.[291] In addition to the loss of staff, PHAs also experienced substantial challenges finding new staff. Even under ordinary conditions, PHAs report large challenges in finding qualified staff;[292] these challenges were amplified during the COVID-19 pandemic, where many Americans feared coming into work and substantial government benefits and protections disincentivized working.[293]

The policies surrounding the COVID-19 pandemic not only created challenges for PHAs but also undermined the quality of life and safety for residents in public and affordable housing. During the COVID-19 pandemic, HUD paused all required inspections of properties in its programs.[294] While it may have been unsafe to send inspectors into dozens of individual homes during a pandemic, this contributed to a decline in the physical conditions in Section 9 housing

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[283] Meetings with Committee Majority staff (May 27, 2026) (notes on file with the Committee).
[284] *Id.*; meetings with Committee Majority staff (June 15, 18, 2026) (notes on file with the Committee).
[285] Meetings with Committee Majority staff (June 15, 18, 2026) (notes on file with the Committee).
[286] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[287] Meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[288] Frank Richardson, *How to Adapt to Changes From COVID-19 to Make Better Construction Estimates*, ACUITY INT'L (Feb. 10, 2022), https://acuityinternational.com/featured/the-impact-of-covid-19-on-construction-estimates-from-crisis-comes-opportunity.
[289] *Id.*
[290] Sebastian Obando, *5 Years After COVID Hit, Contractors Still Wait for Prices to Come Down*, CONSTRUCTIONDIVE (Mar. 11, 2025), https://www.constructiondive.com/news/covid-impact-construction-prices-materials/742087/.
[291] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[292] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[293] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[294] Memorandum from James E. Cunningham, Inspector Administration, U.S. Dep't of Hous. & Urban Dev., to All HUD Inspector Certified in the use of the Uniform Physical Condition Standards (UPCS) Inspection Protocol (Sep. 29, 2020) [hereinafter CUNNINGHAM MEMORANDUM].

for many residents.[295] As discussed in more detail below, residents in Section 8 and Section 9 housing are often extremely hesitant to report issues and damage to PHA staff for fear of being evicted or fined.[296] During the COVID-19 pandemic, neither HUD nor most PHAs were inspecting the properties to identify issues themselves.[297] As a result, many issues lingered or compounded throughout the COVID-19 pandemic.[298]

G. DBA Wages

In discussions with Committee Majority staff, several PHAs have articulated frustrations with DBA-required wages and the impacts on their hiring and contracting decisions. Generally, the DBA requires contractors in federal programs, including entities that contract with PHAs, to pay laborers and mechanics at least the locally prevailing wages—including fringe benefits—on construction, alteration, repair, and maintenance contracts for public buildings valued over $2,000.[299] PHAs have articulated concerns with the low threshold for contracts that require DBA compliance, the extensive red tape involved in complying with these programs and the cost of both the increased salaries and regulatory compliance.

The largest concern for PHAs regarding the DBA is how it increases the cost of renovation. While some make the case that the DBA's requirement to pay "local prevailing wages, including fringe benefits," as is purely beneficial, since DBA wage determinations are set for local areas based on determinations made at the federal level by the Department of Labor,[300] they are frequently poorly tailored to the realities of a region.[301] Some of the direct costs could be mitigated by providing fringe benefits instead of directly paying the value of the fringe benefits;[302] however, PHAs and their contractors frequently lack the economies of scale to allow benefits packages to be substantially lower cost than the costs of providing the benefits.[303] This results in inflated costs for PHAs seeking to improve or renovate their properties, and combined with the low threshold, greatly increases the cost of common contracts, such as contracts to make units ready for new residents after an old resident moves out.[304]

The most common complaint among PHAs regarding the DBA was its low threshold for compliance. The DBA initially set the threshold for DBA compliance to $5,000,[305] but this threshold was decreased to $2,000 in 1936.[306] Since then, the threshold has not been adjusted,

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[295] Meetings with Committee Majority staff (May 27-28, 2026) (notes on file with the Committee).
[296] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[297] CUNNINGHAM MEMORANDUM, *supra* note 294.
[298] Meetings with Committee Majority staff (May 27, 2026) (notes on file with the Committee).
[299] *Fact Sheet #66: The Davis-Bacon and Related Acts (DBRA)*, U.S. DEP'T OF LABOR, https://www.dol.gov/agencies/whd/fact-sheets/66-dbra (last visited Sep. 21, 2026) [hereinafter DOL FACT SHEET].
[300] *Id.*
[301] Meetings with Committee Majority staff (June 16, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[302] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[303] *Id.*
[304] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[305] CONG. RSCH. SERV., 94-4008, THE DAVIS-BACON ACT: INSTITUTIONAL EVOLUTION AND PUBLIC POLICY (2007).
[306] *Id.*

even for inflation.[307] As a result of 90 years of inflation and the recent severe increase in the cost of construction, an overwhelming amount of PHA building maintenance, repair, and renovation contracts now require DBA compliance.[308]

Additionally, several PHAs noted that the paperwork and compliance burden of DBA is too cumbersome and resource-intensive for PHAs and their contractors. To comply with DBA, PHAs must attach DBA wage information in contract solicitations and documents, post DBA wage information on worksites, receive weekly payroll reports from contractors, review these submissions to ensure their accuracy, and perform ongoing monitoring of jobsites and records to ensure DBA compliance.[309] The paperwork and ongoing monitoring required to comply with DBA is particularly challenging for smaller PHAs that operate with leaner staffing, but compliance with DBA inevitably requires PHAs to redirect time, focus, and labor hours to regulatory compliance instead of serving their residents.[310] For contractors, the DBA requires they submit similarly detailed records.[311] As a result, PHAs report substantial challenges in finding contractors to perform work under the DBA's requirements, especially in more rural areas.[312]

Importantly, Committee Majority staff saw no evidence that PHAs seek to underpay contractors. In fact, several PHAs intimated that they would be happy to pay market rates for their contractors, but that DBA-required wages were significantly elevated in their region.[313] Notably, PHA challenges with DBA varied based on state contracting laws and appear more common with PHAs in smaller and mid-sized cities, in rural areas. While PHAs in larger metropolitan areas also expressed frustration with the DBA requirements,[314] they typically voiced fewer concerns than their peers. Regardless, DBA wage requirements are a constant source of frustration for PHAs, increasing labor costs and using funds that could be used to improve the quality of life for their residents. As one PHA executive director noted, "I don't know of any PHA that likes [the DBA]."[315]

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[307] Meetings with Committee Majority staff (June 16, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee). Adjusted for inflation, $2,000 in 1936 is equivalent to approximately $48,000 in 2026. See *CPI Inflation Calculator*, U.S. BUR. OF LABOR STATISTICS, https://www.bls.gov/data/inflation_calculator.htm (last visited Sep. 21, 2026).

[308] Meetings with Committee Majority staff (June 16, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

[309] Meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

[310] DOL FACT SHEET, *supra* note 299.

[311] Meetings with Committee Majority staff (June 16, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

[312] DOL FACT SHEET, *supra* note 299; *Ease the Regulatory and Reporting Process*, NAT'L ASS'N OF HOUS. & REDEVELOPMENT OFFS. (July 10, 2026), https://www.nahro.org/national-housing-framework/ease-the-regulatory-and-reporting-process.

[313] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).

[314] Meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).

[315] Meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

Case Study on Davis Bacon Wages

Committee Majority staff visited a medium sized PHA, with nearly 800 units of Section 9 housing, located in a small city in the industrial Midwest. At the time of the PHA's troubled designation, one of its primary challenges was low occupancy rates at several of its properties.[316] The PHA's current leadership indicated that the root cause of its low occupancy rates was its prior leadership's decision to not place new residents in units, nor conduct maintenance, throughout the COVID-19 pandemic.[317] The PHA's current leadership were left with a PHA where many units were in a state of disrepair and reduced funding driven by low occupancy rates.[318] While the PHA prioritized restoring their dilapidated units to good condition, enabling more residents to move in, this was made more challenging by the requirements of the DBA.[319]

During the review of the PHA's properties, the maintenance director drew staff's attention to several vacant units that the PHA needed to make ready for new residents.[320] The maintenance director described the types of activities it needed to perform before a new resident could be moved in to these units, including repairing the cabinets, plumbing, and countertops, and repaint the unit.[321] The PHA generally relies on contractors to turn over units.[322] However, in the PHA's region, this work would cost a private sector developer, who does not have to comply with the DBA, around $2,000.[323] The PHA highlighted that, due to its need to comply with DBA, that number can increase to $6,000 per unit.[324]

To investigate these concerns, Committee Majority staff analyzed the wages of workers in the PHA's local area. DOL data indicates that masons and concrete finishers are typically paid approximately $25 per hour for private sector projects.[325] Benefits can vary substantially depending on the laborers and project type, but ranges from no cost up to 40 percent of the value of hourly pay. Under DBA, those same contractors working on a similar project, but for a PHA, are required to receive $33.48 in hourly pay, plus the equivalent of $24.81 hourly in fringe benefits, amounting to over $55 per hour for their labor.[326] These inflated costs are further exacerbated by the amount of administrative time and costs contractors incur to comply with DBA. PHAs and its contractors are not large enough to attain sufficient economies of scale to make such additional expenses practicable. As a result, the PHA's process for turning over units takes longer than it otherwise needs to, as it seems more affordable bids on these contracts, resulting in resulting in fewer of its units being available.[327]

[316] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[317] *Id.*
[318] *Id.*
[319] *Id.*
[320] *Id.*
[321] *Id.*
[322] *Id.*
[323] *Id.*
[324] *Id.*
[325] DOL FACT SHEET, *supra* note 299.
[326] Local Wage Determinations as of January 2, 2026 (on file with the Committee); meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[327] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).

While the structure of the programs PHAs implement and utilize present certain challenges for PHAs, the overwhelming majority—between 80 and 90 percent[328]—of PHAs are capable of generally satisfying HUD's programmatic requirements in the Section 9 program.[329] The remaining PHAs, including troubled PHAs, typically also engaged in some form of conduct that undermined the conditions of their properties or their financial position. From planning failures and poor policies and procedures to insufficient oversight of staff and senior officials, nearly all PHAs errors in implementing these programs relate back to some form of mismanagement. In Committee Majority staff's review, the failures of PHA management resulted in poorer conditions in PHAs' units, undermined PHAs' financial position, and failed to house as many residents as planned.

A. Maintenance and Inspections

Each year approximately five to eight percent of PHAs fail HUD's assessment of their physical conditions.[330] This statistic likely presents a deceptively positive image for the quality of housing available to residents. PHAs that receive a passing scores on their overall inspection can have individual properties that fail HUD's inspections, subjecting the residents in those properties to unacceptable conditions.[331] Currently, approximately nine percent of Section 9 housing properties do not satisfy HUD's minimum standards for the conditions of their housing, and an additional 20 percent of Section 9 housing properties are rated as "sub substandard," by HUD.[332]

One of the common drivers behind low physical conditions scores is PHAs voluntarily or negligently deferring maintenance on their properties. As noted above, several PHAs willfully allowed their properties to decay in support of a RAD or Section 18 proposal. Additionally, some PHAs suggested that, prior to their troubled designation, the PHA's leadership had neglected their responsibility to ensure that their properties were maintained in good condition.[333]

Another commonality identified at PHAs with poor inspection scores was a failure to prioritize self-inspections and take them seriously.[334] PHAs are generally required to inspect their units once annually independent of HUD's official NSPIRE inspections, though high performing PHAs can have inspections less frequently.[335] This requirement exists in part because residents frequently do not report damage or maintenance needs to their PHA.[336] Consequently, self-inspections and HUD's NSPIRE inspections are frequently the only time such issues are identified. PHAs with low inspection scores often treated self-inspections as a box checking exercise, sometimes only performing these inspections "on paper,"[337] or after they received

[328] *Public Housing Assessment System (PHAS) Scores,* U.S. DEP'T OF HOUS. & URBAN DEV. (June 2024).
[329] *Id.*
[330] Docter & Galvez, *supra* note 190.
[331] *Id.*
[332] *Id.*
[333] Meetings with Committee Majority staff (June 15-17, 2026) (notes on file with the Committee).
[334] *Id.*
[335] 24 C.F.R. § 5.705(c) (2023).
[336] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[337] Meetings with Committee Majority staff (June 16-17, 2026) (notes on file with the Committee).

HUD's 28-day notice of impending inspection.[338] As a result, issues at these properties frequently fester and are only identified during HUD inspection. PHAs that conducted either more frequent and rigorous self-inspections maintained better physical conditions and relationships with their residents.

Another portion of managing maintenance and inspections that PHAs frequently struggled with was ensuring work was being performed by maintenance staff. For example, at NYCHA, a federal monitor identified a practice of maintenance staff only pretending to perform maintenance work.[339] Committee Majority staff also identified similar behavior at several of the troubled PHAs. In most instances, PHAs were able to resolve these issues by simply requiring before and after photos of maintenance work.[340] Notably, one PHA that had experienced historic issues with its maintenance staff failing to perform maintenance work implemented a policy under which it requested direct resident feedback for 25 percent of all work orders for quality assurance purposes.[341] The PHA informed Committee Majority staff that, combined with requiring before and after photos, the quality assurance process has helped improve maintenance quality drastically.[342]

[338] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-17, 2026) (notes on file with the Committee).
[339] OFF. OF THE NYCHA FEDERAL MONITOR BART M. SCHWARTZ, FINAL QUARTERLY REPORT FOR THE NEW YORK CITY HOUSING AUTHORITY (2024) [hereinafter NYCHA MONITOR'S REPORT].
[340] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-17, 2026) (notes on file with the Committee).
[341] Meetings with Committee Majority staff (May 27, 2026) (notes on file with the Committee).
[342] *Id.*

Case Study on Maintenance and Inspections

Committee Majority staff visited a PHA with approximately 350 units of Section 9 housing in an urbanized suburb outside of a mid-sized city.[343] HUD initially designated the PHA as troubled in 2022 due to its failing physical condition and financial management scores.[344] The PHA's low scores were primarily driven by its former maintenance staff falsely claiming to perform work and engaging in an organized theft ring from the PHA.

In 2023, immediately after assuming the role, the PHA's new executive director noticed that a disproportionate amount of funding was being directed to maintenance contracts and staff.[345] Following an internal investigation, the PHA's executive director identified that maintenance staff had created a commercial-scale theft ring that stole and sold the PHA's appliances for profit.[346] According to the PHA's executive director, he only learned of this scheme after a local church purchased one of these stolen appliances and called the PHA to inquire why their "new" appliances had the PHA's markings.[347]

The PHA's executive director also found that the PHA's maintenance staff had ballooned to support this scheme. At this time, the PHA had 18 maintenance staff, despite PHAs of its size typically having around four. [348] The PHA then determined that at least 15 of its 18 maintenance staff were involved in this theft ring; all were terminated.[349] The three remaining staff, were initially retained, but proved to lack the skills and knowledge needed to actually perform maintenance work.[350] After ending this theft ring, the PHA hired an appropriate amount of new maintenance staff.[351] Because the inflated maintenance staff was largely operating as a criminal theft ring, necessary maintenance was not occurring on a regular basis, and the required self-inspections were treated as mere box checking exercises.[352] Thus, not only did the issues with the PHA's maintenance staff contribute to the PHA's low inspection scores, but it also contributed to an extensive backlog of maintenance.

Under the PHA's new leadership, the PHA transitioned from yearly self-inspections, typically timed around HUD's 28-day notice of inspections, to biweekly inspections of all its units.[353] This allowed the PHA to identify and remedy issues on a regular basis, as well as to ensure maintenance work was completed properly. Notably, the units at the PHA reviewed by Committee Majority staff were among the nicest Section 9 housing units reviewed by staff at any PHA.[354] All the units appeared to be in excellent condition, clean, and free of pest, mold, or vermin.

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[343] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[344] *Id.*
[345] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[346] *Id.*
[347] *Id.*
[348] *Id.*
[349] *Id.*
[350] *Id.*
[351] *Id.*
[352] *Id.*
[353] *Id.*
[354] Meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).

B. Leadership Failures

As noted, the responsibility for most of the issues facing PHAs rests with their leadership. Naturally, as an outgrowth, the quality of PHA leadership has a tremendous impact on the success or failure of a PHA. At eight of the nine troubled PHAs visited by Committee Majority staff, current leadership indicated their prior executive director or senior leadership had engaged in either mismanagement or misconduct which contributed to the PHA's troubled designation. This was often as simple as failing to prioritize the PHA's work or to adapt to evolving times and technology but also included allegations of millions of dollars of theft, embezzlement, and contract steering.

Frequently, the leadership failures that harm a PHA's operations and physical conditions the most are complacency, indolence, and a lack of attention. One troubled PHA executive director acknowledged that, in the years prior to his PHA's troubled designation, he had been searching for another job and may have neglected his duties.[355] Similarly, another PHA reported that its prior executive director, who had served successfully for over 30 years, started to ignore responsibilities in advance of the executive director's retirement, contributing to the PHA's troubled designation.[356] In other instances, PHA leadership simply failed to adopt technologies that could have assisted in the administration of housing programs because their prior executive director's overconfidence in their knowledge of the program,[357] or a general resistance to modern technologies.[358]

Several PHAs subject to Committee Majority staff's review accused their former leadership of some form of misconduct. As discussed more below, Committee Majority staff identified several suspect contracts that appeared to be too expensive or misplaced for a PHA of its size.[359] When asked about these, one PHA suggested the contracts were improperly awarded by former leadership.[360] At another PHA visited by Committee Majority staff, described in more detail below, its prior executive director had issued themselves a payment of over $100,000 just four days prior to his retirement.[361]

[355] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee); teleconference with Committee Majority staff (Feb. 13, 2026) (notes on file with the Committee).
[356] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[357] *Id.*
[358] Meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[359] *See infra* Case Study on Contractor Management.
[360] *See id.*
[361] PHA Compensation and Retirement Records (on file with the Committee).

Case Study on Leadership

The PHA described in the case study on programmatic incentives indicated that the driving factors and circumstances that contributed to its low HUD scores were mismanagement by the previous executive director and poor recordkeeping and document retention.[362]

Under the prior executive director's leadership, the PHA operated as a standard, but not exceptional, PHA for decades.[363] Unfortunately, towards the end of the 2010s, the prior executive director appears to have stopped fulfilling his responsibilities in advance of his impending retirement.[364] This includes not modernizing the PHA's systems, slowly responding to issues and complaints, and letting several obligations and responsibilities slip. This resulted in a precipitous decline in the PHA's physical conditions and operations.[365] The prior executive director had purportedly become so disengaged from his responsibilities that, after sewage flooded the PHA's offices, he took no action past drying the floors with fans.[366] Carpets, filing cabinets, and documents that were contaminated by the flooding sewage remained in the offices for months, until new leadership took over.[367]

Additionally, the PHA's prior leadership failed to adopt systems, policies, and procedures to assist in the administration of the housing authority. The current executive leadership noted the predecessor was stubborn and unwilling to implement technologies to improve recordkeeping and data retention.[368] As a result, current leadership has little insight into the operation of the PHA prior to assuming the role.[369] To display the state of the PHA's records under its prior leadership, in its submissions to the Committee Majority, the list of contractors it provided included several inaccuracies for information as basic as the contractor's address.

Further compounding the PHA's issues, its prior executive director believed he was independently capable of administering the PHA and therefore hired too few staff and conducted insufficient oversight of staff. The PHA's failures to hire under its prior leadership leave it still with a skeleton crew of staff to support its operations over a year after his retirement. Like issues found at other PHAs, the PHA's prior executive director did not involve or engage his staff in the PHA's work. In the years prior to his retirement, the former executive director was apparently unaware of or disinterested in complaints from residents that maintenance was not being performed. The PHA's poor documentation and lack of technological systems meant that the loss of the accumulated institutional knowledge when the prior executive director departed resulted in his successor having little information on the PHA, its operations, and its finances.

[362] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[363] *Id.*
[364] *Id.*
[365] *Id.*
[366] *Id.*
[367] *Id.*
[368] *Id.*
[369] *Id.*

Case Study on Leadership *Cont.*

Given the prior executive director's long tenure, he was also able to affect substantial control over the PHA's Board of Commissioners. The current director indicated this control was so complete that the prior executive director could functionally set his own pay rate. To that end, the prior executive director was paid roughly 50 percent more than his successor.[370] While the amount of control that the PHA's prior leadership exacted over the Board was likely improper, it is only a small portion of the potential misconduct by the prior leadership. Most notably, just four days prior to the former executive director's departure, he received a lump sum payment of over $100,000.[371] When asked to explain this payment, the PHA's current leadership noted that they were not certain but believed this payment to be a retirement payment.[372] Committee Majority staff was skeptical of this explanation, as the amount rendered was roughly 40 percent larger than the prior executive director's expected retirement benefit based on the PHA's document submission.[373] The current executive director was certain that the payment was made up of a mixture of both the PHA's operating and capital funds,[374] which is a violation of HUD rules.[375]

In addition to executive leadership, former PHA Board members have also been accused of misconduct. Documents and testimony presented to the Committee suggest that at least two former Commissioners on the Board of Commissioners for Little Rock's housing authority, MHA, engaged in unlawful conduct from at least 2018 through their removal in 2023.[376] This alleged conduct includes embezzling funds and resources that were intended for the benefit of MHA and its residents,[377] contract steering,[378] as well as defrauding MHA's government and private sector partners.[379]

C. Staff Related Challenges

PHAs reviewed by Committee Majority staff also frequently described challenges with hiring and retaining staff, as well as highlighted instances where staff had created serious challenges for the PHA. Several PHAs noted that malfeasance by staff had direct consequences on their occupancy rates and the physical condition of their properties. Further, several PHAs suggested to Committee Majority staff that unfilled staff roles have a direct impact on PHAs' ability to operate and can quickly contribute to poorer conditions in PHA housing and PHA responsibilities going unfulfilled.

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[370] PHA Payment and Benefits Records (on file with the Committee).
[371] *Id.*
[372] *Id.*
[373] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[374] *Id.*
[375] 24 C.F.R. § 905.200 (2026).
[376] *See generally Broken Promises: Failures of the Little Rock Housing Authority: Hearing Before the H. Comm. on Fin. Servs.*, 119th Cong. (2026).
[377] Meetings with Committee Majority staff (Feb. 26-27, 2026) (notes on file with the Committee).
[378] Memorandum from Dr. Nadine Jarmon, Exec. Dir., Little Rock Hous. Auth. d/b/a Metro. Hous. Alliance, to Anthony Landecker, Dir., Off. of Pub. Hous. for the State of Ark., U.S. Dep't of Hous. & Urban Dev., & Frank Scott, Mayor, City of Little Rock (June 23, 2021).
[379] U.S. DEP'T OF HOUS. & URBAN DEV., QAD-FMR-MOR-2023-AR004, REPORT: HOUSING AUTHORITY OF THE CITY OF LITTLE ROCK 2 (2023) [hereinafter 2023 HUD REPORT].

Generally, finding employees with expertise in Section 9 housing is a tremendous challenge for PHAs. The pool of talented individuals seeking to work in this industry is small. While individuals with experience in development, property management, or lending may be able to quickly adapt their skills to be successful employees for PHAs, these individuals are likely to make more money in the private sector. PHAs also indicated to Committee Majority staff that it is challenging to find maintenance staff, especially maintenance staff who are already trained.[380] As a result, many PHAs train their own maintenance staff from scratch. Several PHAs noted to staff that several maintenance staff that they had trained, soon after, left to become independent contractors, where they could make more money. Additionally, the increased costs of DBA wages make utilizing contractors for maintenance tasks less viable for many PHAs.[381]

Law enforcement, public reporting, and Committee Majority staff have identified several instances of corruption and self-dealing being performed by maintenance staff. At NYCHA, maintenance staff were found to not actually be performing maintenance that they claimed to complete.[382] As noted in the Maintenance and Inspections case study, one PHA visited by Committee Majority staff had identified a large, successful theft ring was being run out of the PHA by maintenance staff.[383] Unperformed maintenance undermined this PHA's ability to improve the conditions of their housing and prepare units for new residents.

[380] Meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[381] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[382] NYCHA MONITOR'S REPORT*, supra* note 339. As noted above, NYCHA is the New York City Housing Authority. *See supra* note 339.
[383] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).

Case Study on Staffing Challenges

In its visit to the PHA discussed in the case study on natural hazards, Committee Majority staff sought to identify why a PHA that had historically been successful experienced recent challenges with its occupancy rates and physical conditions. The PHA's leadership pointed to the COVID-19 pandemic. While the COVID-19 pandemic and accompanying policies were something that every PHA had to navigate, they appear to have impacted the PHA more than others. Specifically, during the pandemic, nearly 30 percent of the PHA's workforce retired or quit.[384] As a result, several of the PHA's core responsibilities could not be performed and many of its redevelopment efforts were delayed. Notably, the PHA stated that its initial troubled status determination was at least partially attributable to its late submission of financial documentation.[385] The PHA indicated that its submission, which was purportedly less than 48 hours late, was due to a large portion of its accounting team leaving just prior to the submission deadline. Further, staff reductions and COVID-19 pandemic limitations contributed to a reduced cadence for maintenance and inspections.[386] This allowed conditions at some of its properties to deteriorate to the point of disrepair. The PHA suggested that its lack of staff delayed unit turnovers and waitlist onboarding and undermined its fulfillment of other administrative responsibilities. Collectively, these staffing challenges reduced the PHA's income and contributed heavily to the substandard condition of its housing.

In addition to challenges that occur when staff leave, the PHA indicated that it is difficult to identify staff with a background in federal housing programs. The PHA highlighted that the knowledge needed in many HUD programs is highly specialized, resulting in few individuals being prepared for their roles without extensive training. In an effort to identify and quickly onboard staff with experience that could address its operational needs, the PHA engaged several headhunting firms to identify new talent, spending over $3 million searching for staff from 2021 to 2025.[387] While these recruitment firms identified several candidates for the PHA, they were unable to replace all of those employees who had left. To overcome this problem, the PHA has continuously integrated technological solutions, such as service kiosks for residents in their offices, and expanded the capabilities of its website.

D. Nonprofit and Subsidiary Oversight

Due to limitations on how PHAs use their funds, when attempting to redevelop properties, either through traditional financing or in the RAD program, PHAs frequently create a nonprofit, limited liability company, or other subsidiary with more financial flexibility.[388] This is due to the fact that PHA subsidiaries do not need to follow the PHA's procurement rules or salary limitations. These entities are designed to support PHAs' redevelopment projects and are, like PHAs themselves, also subject to insufficient oversight and are ripe for waste, fraud, and abuse.

[384] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[385] *Id.*
[386] *Id.*
[387] PHA Contracting Records (on file with the Committee); meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[388] 24 C.F.R. § 943 (2000).

PHAs and their affiliated nonprofits or subsidiaries frequently have similar Board compositions, and the nonprofits frequently utilize PHA offices and personnel.

While these subsidiaries are designed to be merely practical investment vessels,[389] they can also contribute to increased fraud risk, especially in PHAs with insufficient financial records and disorganized accounting. Further, commingling of funds between the PHA and subsidiaries can create an environment vulnerable to fraud and make identifying fraud more challenging.[390] Complicating matters further, subsidiaries frequently appear to be overlooked or inadequately examined during HUD's reviews.[391]

Case Study on Nonprofits

This PHA is a small PHA that manages approximately 150 units of Section 9 housing.[392] At the time of PHA's troubled designation, the PHA received high scores for the condition of its units but poor scores for its financial and operations management.[393] The PHA's poor financial score and distressed financial position are at least partially attributable to alleged corruption that was enabled by the PHA's nonprofit.

Specifically, the PHA's prior leadership habitually maintained insufficient financial documentation and heavily intermingled funds between the PHA and its affiliated nonprofit.[394] This lack of documentation resulted in the PHA being unable to conduct audits and receiving low scores on HUD's assessments.[395] It also limited the PHA's understanding of its financial position, resulting in the imprudent use of funds. Concerningly, it appears poor financial documentation and intermingled funds between the PHA and its nonprofit created a permissive environment for fraud—with several members of the PHA's former senior leadership, including Board Members, alleged to have engaged in serious misconduct including theft, fraud, and embezzlement.[396]

[389] *Id.*
[390] *See, e.g.*, 2023 HUD REPORT, *supra* note 379.
[391] *See id.* HUD identified extensive, longstanding issues in MHA's accounting of transactions between it and its affiliated nonprofit. The accounting information for affiliated nonprofits is required to be included in PHAs financial submissions which, in this case, should have indicated or suggested that MHA's affiliated nonprofit was engaged in suspect practices. *Id.*
[392] *Public Housing (PH) Data Dashboard*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/helping-americans/public-housing-dashboard (last visited Sep. 21, 2026).
[393] PHAS Score Information (on file with the Committee).
[394] HUD Quality Assurance Division Report (on file with the Committee).
[395] *Id.*
[396] *Id.*

Case Study on Nonprofits *Cont.*

From 2015 through 2023, the financial documentation, controls and recordkeeping under the PHA and its affiliated nonprofit's former leadership deteriorated continuously.[397] These recordkeeping failures peaked from 2019 through 2023, when the PHA was unable to produce financial records sufficient to receive an audit.[398] The poor state of the PHA's accounting was such that neither it nor HUD adequately appreciated the strained financial position the PHA was in.[399] The extent of the PHA's financial challenges was laid bare in 2025, when reports revealed that the PHA was nearly $5 million in arrears on loan payments for one of its properties.[400]

Given the poor recordkeeping practices of the PHA's former leadership, understanding the true scale of PHA and its affiliated nonprofit's financial indiscretion remains elusive for current PHA officials, HUD, and Committee Majority staff. A 2023 review by HUD identified $30 million in payments with questionable or disallowed costs in the PHA's voucher programs alone.[401] HUD identified over $30,000 in questionable and disallowed costs being charged to the PHA's credit card in 2022 alone, but due to PHA's poor financial documentation, HUD concluded "[c]oupling what appears to be a disregard for credit card utilization policy with the lacking support documentation and/or business use justification(s) it is reasonable to question the validity of all costs billed to the credit card(s)."[402] HUD's review also found that 30 percent of the improper payments at the PHA that it identified involve its nonprofit in some capacity, including over $5 million in funds from the PHA's Section 9 housing Operating Fund being transferred to the nonprofit.[403] HUD found that these transfers occurred immediately upon the PHA's receipt of the operating funds from HUD.[404]

These failures in the PHA and its nonprofit's financial systems, controls, and documentation misallocated taxpayer funds, deprived residents of the resources they need, and undermined the PHA's financial position greatly. The PHA's poor financial controls and documentation were also avoidable. For example, the PHA failed in operating a system capable of "maintaining the monthly and/or yearly accounting functions," despite the fact that it had procured a system to do so.[405] The PHA's former leadership failed to actually implement this system into the PHA's processes and did not utilize this function in the software.[406] Committee Majority staff have serious concerns that the PHA's former leadership deliberately failed to maintain documentation and implement these systems in order to obscure their alleged criminal activity.

While PHA nonprofits and other subsidiaries increase fraud risks for PHAs, they can also be a tremendous benefit to many PHAs in need of redevelopment. In at least one instance

[397] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).
[398] *Id.*
[399] *Id.*
[400] *Id.*
[401] HUD Quality Assurance Division Report (on file with the Committee).
[402] *Id.*
[403] *Id.*
[404] *Id.*
[405] *Id.*
[406] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).

identified by Committee Majority staff, a troubled PHA had a nonprofit redevelopment subsidiary that was thriving.[407] This PHA's redevelopment arm had successfully redeveloped several properties in its community and served as the development partner for the PHA's successful RAD Project.[408] The profits accrued by this successful redevelopment subsidiary were (and are required to be) returned to the PHA, which used the funds to support its struggling Section 9 housing operations.[409]

While PHA-affiliated nonprofits and subsidiaries increase the risk of waste, fraud, and abuse, these concerns can be mitigated through robust oversight, and the potential benefit of these subsidiaries likely outweighs the risks they present. To attain the maximum benefit from these entities, PHAs must be diligent in creating and managing their affiliated nonprofit or other subsidiaries. More importantly, PHAs must maintain high-quality accounting standards and perform constant oversight of their subsidiaries to avoid excessive risk.

E. Contractor Management and Oversight

PHAs also appear to have trouble with securing quality contractors and ensuring their work is acceptably performed. The leaders of several PHAs also voiced concerns related to complying with contracts signed by their predecessors.[410] Moreover, contracting appears to be a high-risk area for fraud in affordable housing programs, especially when considering the insufficient oversight of contractors from HUD.

Several PHAs articulated challenges with identifying contractors capable of performing work on more specialized tasks, such as elevator repair.[411] These challenges were amplified for rural PHAs and PHAs in small cities and suburbs, which have access to a smaller pool of contractors. Further, state and local contracting laws frequently amplified these challenges by having requirements that contracts be performed by local developers or that a certain percentage of products, materials, and contract work be performed by entities from the same state.[412] In the absence of smaller or more local contractors to perform work on these specialized projects, PHAs have frequently been forced to work with expensive, nationally known contractors for many projects, driving up their costs.[413]

PHAs have also expressed their challenges in ensuring that contract work was completed properly. In several cases, PHA leadership outlined instances where their contractor failed to fulfill one or more essential criteria of their contract, often without the PHA noticing for days, weeks, or months. In one example, over the course of multiple years landscaping contractors were performing work only in areas they believe the PHA might check.[414] In other examples,

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[407] Meetings with Committee Majority staff (May 28, 2026) (notes on file with the Committee).
[408] *Id.*
[409] *Id.*
[410] Meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[411] Meetings with Committee Majority staff (June 16, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[412] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[413] Meetings with Committee Majority staff (June 16, 18, 2026) (notes on file with the Committee).
[414] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).

PHAs accused their pest control contractors of only pretending to provide their services given how quickly their pest control improved after onboarding a new contractor.[415]

As referenced above, Committee Majority staff identified several instances of suspect contracts that highlight the risk associated with loose, informal contracting protocols. In one example, senior figures on a PHA's Board of Commissioners allegedly abused their role to pressure the PHA into directing contracts to the friends and family of the board members.[416] In another recent example, the former executive director of the Norfolk Housing Authority allegedly maintained a close relationship with a recruiting firm, to whom the executive director would allegedly steer contracts.[417] Moreover, the monitor appointed to oversee the recovery of NYCHA identified abuse of HUD Micro-Purchase Program by staff, resulting in the arrest of 70 people.[418] Indeed, Committee Majority staff encountered several instances where the current leadership of a PHA was unable to justify a contract given by their predecessor, though many were reticent to directly accuse their predecessor of criminal activity.[419]

[415] Meetings with Committee Majority staff (June 17-18, 2026) (notes on file with the Committee).
[416] Joseph Flaherty, *U.S. House Committee Presses federal prosecutor to investigate former Little Rock Housing Authority Officials*, ARK. DEMOCRAT-GAZETTE (Apr. 13, 2026), https://www.arkansasonline.com/news/2026/apr/13/congressional-committee-presses-federal-prosecutor-to-investigate-former-little-rock-housing-authority-officials/.
[417] Ryan Murphy & Jim Morrison, *Fired Norfolk Housing Head Directed Millions in Contracts that Violated State Law, federal and Local Policies*, WHRO (Apr. 28, 2026), https://www.whro.org/local-government/2026-04-28/fired-norfolk-housing-head-directed-millions-in-contracts-that-violated-state-law-federal-and-local-policies.
[418] Press Release, U.S. Dep't of Justice, All 70 NYCHA Employees Charged in February 2024 Sweep Convicted of Bribery, Fraud, or Extortion Offenses (Nov. 25, 2025), https://www.justice.gov/usao-sdny/pr/all-70-nycha-employees-charged-february-2024-sweep-convicted-bribery-fraud-or.
[419] Meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).

Case Study on Contractor Management

One visited PHA is a medium-to-large-sized PHA with approximately 750 units located in a suburb of a major metropolitan area. HUD initially designated the PHA as troubled in 2022 due to its failing physical condition and operations management scores.[420] The PHA's low operations management scores were attributable to both low occupancy rates and high accounts payable due to contracts rendered on credit.

Under the PHA's prior leadership, the PHA signed several suspect contracts that appear to be too expensive or misplaced for the PHA's size. These contracts also contributed to elevated accounts payable, which contributed to the PHA's low occupancy scores. Most notably, the PHA's largest contract was issued to a tree removal and landscaping company, despite the PHA maintaining several different landscaping contracts.[421] When Committee Majority staff requested justification for this and other similar contracts, the PHA was unable to provide supporting documentation or a sufficient explanation. The PHA's staff heavily implied that the PHA's prior executive director, as well as a former contracts specialist, maintained close personal relationships with several of the PHA's contractors.[422] One senior staff member stated bluntly, "(the landscaping) contract was improperly given."[423] While the PHA's current executive director was hesitant to allege unlawful behavior by former staff and argued that contracts were given to the lowest cost bidder, they conclusively stated that the prior executive director mismanaged the agency.[424]

Separately, the PHA appears to have conducted insufficient oversight of contractors. For example, the PHA elected to procure a vagrancy-prevention system in lieu of using plywood to cover doors and windows.[425] The PHA leases these systems from the provider.[426] Not only are the systems costly, but in installing the systems, the contractors compromised the weatherproofing of the PHA's units. Given harsh winter weather, many of the impacted units have deteriorated rapidly.[427]

F. Staff and Resident Culture

Conversations between Committee Majority staff and the leadership of PHAs revealed several cultural issues that harm PHAs and the residents of Section 8 and Section 9 housing. Most of these cultural issues are attributable to the negative perception of public housing, which can extend to PHA staff and residents. Committee Majority staff conversations with PHA leadership, staff, board members, and residents consistently underscored the need to overcome these perceptions.

[420] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[421] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[422] *Id.*
[423] *Id.*
[424] *Id.*
[425] *Id.*
[426] *Id.*
[427] *Id.*

Residents often perceive Section 9 housing to be of poor quality—a perception which often has significant effects on how residents treat their housing and how they perceive themselves. PHA leadership informed Committee Majority staff that many residents who treat their units poorly do so due to their belief that, since it is Section 8 or Section 9 housing, it is permissible to treat it poorly.[428] Other PHAs have noted that residents' low perception of public and affordable housing often becomes internalized by residents.[429] In describing this phenomenon, several PHA executives have explained that they repeatedly counsel residents that "you live in public housing, don't let public housing live in you."[430] While this sentiment may be an improvement for residents that feel hopeless or driven towards crime, this perspective overlooks the simple reality that public and affordable housing is supposed to be decent, safe, and sanitary.[431] Able-bodied residents should strive to secure their own market-rate housing one day, but public and affordable housing should never be of such low quality that merely living in it compromises the spirit of residents and encourages mistreatment of the property and communities.

There also appears to be a misunderstanding of the role of public and affordable housing. For the most part, PHA leaders understand the role that Section 9 housing is intended to play. Multiple executive directors expressed the sentiment that public and affordable housing is meant to provide Americans with "a hand up, not a handout."[432] Unfortunately, many residents appear to have built their life around staying in public or affordable housing.[433] Residents in Section 8 or Section 9 housing should feel that having their housing needs met affordably provides them with the springboard needed to improve their lives, but that is frequently not the case.

These sentiments can also extend to PHA staff. For example, the HUD-appointed monitor of NYCHA found that a culture of defeatism infiltrated NYCHA and created a sentiment that NYCHA's issues could never be resolved.[434] Committee Majority staff conversations with PHA leaders revealed similar findings. Several executive directors of troubled PHAs confessed that they did not believe their PHA could continue operating through the end of 2026.[435] Others expressed total uncertainty at their ability to resolve HUD-identified deficiencies.[436] This sentiment allows issues to fester and creates a negative feedback loop, turning issues that could and should be resolved into just another reason the PHA cannot succeed.

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[428] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 17-18, 2026).
[429] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 17-18, 2026).
[430] Meetings with Committee Majority staff (June 17-18, 2026) (notes on file with the Committee).
[431] U.S. DEP'T OF HOUS. & URBAN DEV., PHA AND HUD RESPONSIBILITIES 7460.7 REV-2 (1995).
[432] Meetings with Committee Majority staff (June 17-18, 2026).
[433] *Id.*; meetings with Committee Majority staff (July 6-7, 2026) (notes on file with the Committee).
[434] NYCHA MONITOR'S REPORT, *supra* note 339.
[435] Teleconferences with Committee Majority staff (Feb. 2026) (notes on file with the Committee).
[436] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).

Case Study on Staff and Resident Culture

Previously described in the case study on Maintenance and Inspections, this PHA described serious challenges in the culture of the residents and staff.[437] While not directly reflected on HUD's public housing assessment system, the area around the PHA, like many places in the industrial Midwest, has experienced economic decline in the post-industrial era. Further, the PHA has struggled with crime in its community and surrounding area.[438]

The PHA's executive leadership spoke to Committee Majority staff at length about both these issues and how they impacted residents. In one example, the PHA's executive director recounted the story of a single mother who he met with during one of the PHA's self-inspections. This resident indicated that they spent every day high on drugs. As a result, her unit had fallen into a state of disrepair, with trash and laundry strewn about, smoke detectors disconnected, and expired food in the fridge; their children also purportedly showed signs of neglect.[439] The PHA's executive director asked the resident why they used drugs so frequently and how they could accept their living conditions. The resident noted that they used drugs as a form of self-medication to quell their despair about her life and living situation, as well as the fear that things would never improve.[440]

The PHA's executive director indicated to Committee Majority staff that he is prioritizing resolving these issues and giving his residents and staff reasons to believe that their situation and housing can improve, and giving them the tools to do so.[441] To that end, the PHA now utilizes a biweekly unit self-inspection process, which provides a touchpoint to help build stronger relationships and trust with residents, as well as identify potential signs of distress before significant damage is done to the property or other residents.[442] Further, the PHA has contracted with a behavioral psychologist to work with residents on changing their mindset and improving their lives.[443] The PHA has also worked to overhaul its properties, drastically improving the conditions of the units, grounds, and even surrounding areas that its local government had neglected. The improvements to the conditions to their properties and units, when coupled with the better relationships among residents and staff and the support offered by the PHA, have had a drastic impact on the culture of the PHA.[444] During Committee Majority staff's visit, many residents stopped the PHA's building managers just to talk; one resident even asked if the PHA and Committee Majority staff wanted to look at her unit with a sense of comfort and pride.[445] Residents also showed a strong sense of community and trust, with food and materials for a resident event the following week sitting in an unlocked common room without fear of theft.[446]

[437] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[438] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[439] *Id.*
[440] *Id.*
[441] *Id.*
[442] *Id.*
[443] *Id.*
[444] *Id.*
[445] *Id.*
[446] *Id.*

Case Study on Staff and Resident Culture *Cont.*

Despite the PHA's limited staff size—consisting of the executive director, a manager for each building, four maintenance staff, and approximately two administrative staff—each employee took great pride in their roles, particularly its building managers. Each manager went to great lengths to ensure their properties are in good, working order.[447] These managers also invested their own time and personal funds on improvements for the properties, and there was a healthy amount of competitiveness among the PHA's building managers, with each wanting to have the highest inspection scores, occupancy rates, and the nicest property.[448] The diligence and care shown by the PHA's staff was clearly appreciated by the PHA's residents and had a visible impact on the quality of properties, all of which contributed to a greatly improved staff and resident culture.

In addition to those referenced in the case studies, efforts taken by PHAs to address the cultural issues among its residents and staff include hosting town halls, fundraisers, social functions, parties, and educational events. These events have received mixed success depending on the tastes and interests of residents, but at least one educational program reviewed by Committee Majority staff appeared to be of substantial importance to the community. One PHA replaced their community center with an early-childhood education program in partnership with a nonprofit that provides preschool and access to books, toys, and teachers for the children in this community and helps parents better understand their role as teachers for their children. According to PHA staff, this program has resulted in measurable increases in literacy among the youth at this development, and the local school district has praised this program for improving the behavior of the students from this community in early elementary school. This program appears to not only have helped the children in this neighborhood, but it also built stronger relationships between the PHA and its residents and helped empower the children and parents living in the community.

G. Implementation of Technology

One distinction amongst all the PHAs reviewed by Committee Majority staff is their varied level of organization and technological adoption. While some PHAs have worked to implement more computerized systems and digitized records, several other PHAs appeared to have avoided, or struggled to implement, technological solutions to their challenges. Further, some PHAs lacked organization in any form, technological or otherwise. As a general matter, PHAs that have adopted some form of software or online tool to support their operations appeared to have improved more quickly than those that did not embrace such technology, were better organized, and were quicker and more thorough in producing documentation and records.

A minority of the PHAs that spoke with Committee Majority staff indicated that they did not use any form of software to assist their operations; these PHAs were generally less organized and mostly produced fewer or lower-quality documents in response to the Committee's February

[447] *Id.*
[448] *Id.*

2026 letter requesting information and documents.[449] Several PHAs, disproportionately made up of PHAs that had not fully integrated some form of management software, indicated that they could not locate one or more documents requested by Committee Majority staff,[450] despite the fact that all requested documents should have been readily available to well-organized PHAs. In one instance, a PHA maintained only handwritten, paper records of their maintenance work, and relayed to Committee Majority staff it had implemented an informal tracking system only after receiving the Committee's February 2026 letter.[451] In most instances, PHAs that had not yet broadly implemented some form of software to help manage their operations did so because their prior, longstanding executive leadership was averse to technology.[452]

Overall, the majority of PHAs that spoke with Committee Majority staff were using some form of software specialized for the needs of PHAs, such as Yardi, MRI, or Neighborly. These software platforms all offer PHAs different levels and types of services but have the capacity to receive and process online applications, retain resident information, take and track rent payments and their timeliness, as well as receive, track, and catalog requests for maintenance and the successful completion of maintenance work.[453] While many PHAs have found success in implementing these technological solutions, some PHAs reported experiencing pitfalls in integrating the technology. The bulk of the issues PHAs experienced in integrating these technological solutions are due to a lack of understanding of the software,[454] and time-consuming process associated with digitizing years of paper records,[455] which also requires a high degree of accuracy to maximize its utility.[456] In one instance, a PHA reported that their initial attempts to integrate a software platform failed because the information initially input into their system was inaccurate, requiring it to restart.[457]

While technology is not a silver bullet for resolving all issues that PHAs face, the PHAs that have adopted broader technological solutions have improved more on average than those who have not. These systems streamline operations and increase the amount and quality of data PHAs have on their residents, properties, and operations. Adoption and implementation of these programs can also help to avoid waste, fraud, and abuse. As discussed above, the decline of MHA in Little Rock was partially attributable to its failure to implement a system capable of "maintaining the monthly and/or yearly accounting functions," culminating in its inability to attain a clean audit for over four years and potentially masking unlawful behavior.[458] Implementation of software and technological solutions may be cumbersome and challenging, but PHAs that had integrated these systems retained better records of their residents, properties,

[449] *See generally* PHA Document Productions (on file with the Committee).
[450] Teleconferences with Committee Majority staff (Feb. 2026) (notes on file with the Committee).
[451] Meetings with Committee Majority staff (May 28, 2026) (notes on file with the Committee).
[452] Meetings with Committee Majority staff (July 6-7, 2026) (notes on file with the Committee).
[453] *See, e.g.*, *Affordable Housing*, YARDI, https://www.yardi.com/market/affordable-housing/ (last visited Sep. 21, 2026).
[454] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[455] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[456] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[457] *Id.*
[458] 2023 HUD REPORT, *supra* note 379.

and maintenance and were able to reduce their headcount.[459] PHAs that had implemented these systems reported that these systems helped them save money and organize their operations.[460]

H. Financial Management and Rent Collection

Throughout Committee Majority staff's review, PHAs that maintained paper documentation, incomplete financial records, conducted business through word-of-mouth, or had insufficient policies, procedures, and financial controls struggled to satisfy HUD's assessment of their financial sustainability. HUD's review of PHA financials is done through its Financial Assessment Subsystem (FASS), which is a component of, and similarly structured to, its broader Public Housing Assessment System.

In FASS assessments, HUD allocates points to PHAs based on three criteria and aggregates these scores for a maximum total of 25 points, which also makes up 25 percent of a PHA's Public Housing Assessment System score. Under FASS, HUD reviews PHAs' financial submissions and gives PHAs up to 12 points for having the ideal QR, ten points for a healthy MENAR, and just two points for having an ideal DSCR.[461] These metrics all seek to measure a PHA's ability to cover its expenses and debts with the resources it has on hand.[462] A PHA with a FASS score of 14 or lower is considered "substandard."[463] Of the 3,084 PHAs that HUD scored in 2024, 470 had substandard FASS scores.[464] Of these 470, 61 were rated "substandard financial," meaning the deficient FASS score was the only concern on its Public Housing Assessment System score,[465] and 396 posted a score of 0, frequently due to a late presumptive failure.[466] A further 102 PHAs received troubled ratings, indicating deficiency in more than one category.[467]

Failing FASS scores for PHAs are typically due to excessive spending, poor contract management, and most importantly, receiving insufficient rental and subsidy income over time. As discussed throughout this report, there are several factors driving PHAs' insufficient collection of rental and subsidy income, ranging from delayed evictions to low occupancy rates driven by uninhabitable properties. Further, several PHAs reported difficulties in getting residents to start paying rent following the COVID-19 pandemic and its associated eviction

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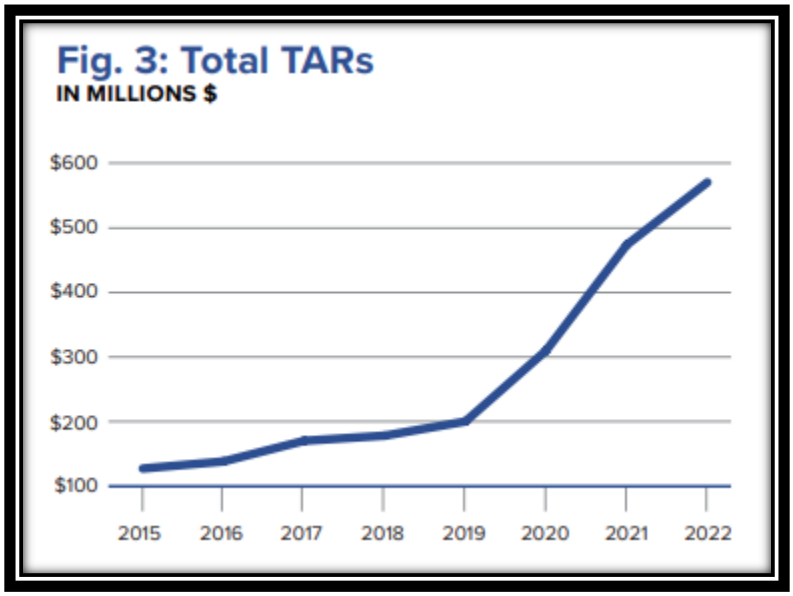
[459] Meetings with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[460] Meetings with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[461] *PHAS Indicator Calculations Worksheet*, *supra* note 231. As noted above, FASS assessments comprised of an assessment of a PHA's Quick Ratio (QR), Months Expendable Net Asset Ratio (MENAR), and Debt Service Coverage Ratio (DSCR). *See supra* note 156.
[462] *See id.*
[463] *See* PHAS SCORES FOR WEBSITE – JUNE 2024, U.S. DEP'T OF HOUS. & URBAN DEV. (June 1, 2024), https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.hud.gov%2Fsites%2Fdfiles%2FPIH%2Fdocuments%2FPHAS%2520Scores%2520for%2520Website%2520-%2520June%25202024%2520.xlsx&wdOrigin=BROWSELINK [hereinafter PHAS SCORES FOR WEBSITE – JUNE 2024].
[464] *Id.*
[465] *Id.*
[466] *Id.* As noted above, PHAs receive a Late Presumptive Failure score of 0 when submitting required financial documentation after HUD's deadline. *See supra* page 28.
[467] *See* PHAS SCORES FOR WEBSITE – JUNE 2024, *supra* note 463.

moratorium. When combined with PHA leadership's proclivity to provide residents with substantial deference regarding delinquent rent, many PHAs have accrued excessive TAR and have insufficient funds available.[468]

Exhibit E: Unpaid Rent in Section 9[469]



While TAR is a major consideration of PHAs' operations management score, the downstream impact of low rent collections will eventually start impacting PHAs' bottom lines.[470] As discussed in the case study on occupancy incentives, some PHAs have accrued massive rent deficiencies that have more than doubled HUD's benchmark for failing tenant receivables.[471] The other driver of low financial management scores is excessive debt and accounts payable. Frequently, PHAs that spoke with Committee Majority staff reported that large, longstanding contracts are a major drain on PHA finances and contribute to high accounts payable.[472] Generally, PHAs report fewer challenges with managing their debts than attaining income.[473]

I. RAD Program

The RAD program can have a transformative impact on affordable housing and presents the best route for renovating or improving Section 9 housing.[474] However, a poorly conducted

[468] Meeting with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[469] PUB. HOUS. AUTH. DIR. ASSOC., *supra* note 247.
[470] Meeting with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[471] *See* Occupancy Incentives Case Study, *supra* page 37.
[472] Meeting with Committee Majority staff (June 17-18, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[473] Meeting with Committee Majority staff (June 17-18, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[474] *Evaluation of the RAD Program*, U.S. DEP'T OF HOUS. & URBAN DEV. (Oct. 10, 2024), https://www.huduser.gov/portal/publications/Evaluation-of-the-Rental-Assistance-Demonstration-RAD.html.

RAD project can leave PHAs in a worse position than they were prior to the conversion.[475] As discussed in the section on conflicting programmatic incentives, several PHAs elected to not occupy or conduct maintenance on properties slated for RAD redevelopment.[476] While this conscious action by PHAs should be prevented or better accounted for programmatically, PHAs themselves experienced other challenges with the RAD Program.

The most common problem PHAs face in working through the RAD program is inexperience with the program and lack of the background needed in property development and lending to sufficiently utilize the program. For example, one PHA conducted a RAD project on one of its properties, converting it from unsightly, dangerous Section 9 housing into one of the more desirable buildings in its area.[477] Unfortunately, this PHA selected a malicious actor as its private sector development partner and failed to sufficiently understand the terms of the agreement.[478] As a result, the PHA was largely responsible for maintenance and renovation costs, but could not receive rental income from the property for three years.[479] Many PHAs noted that they have seen examples of poorly considered RAD conversions and are afraid of making the same mistakes themselves.[480]

Several of the PHAs that met with Committee Majority staff stated that they believed the RAD program was going to be key to their overall recovery, but that vetting partners and proposals was outside of their areas of expertise.[481] These PHAs often experienced protracted delays in creating their proposals, and sometimes cancelled their redevelopment plans altogether.[482] These PHAs expressed the need for assistance from HUD in identifying safe, viable partners for RAD projects and in performing due diligence on potential RAD partners.[483]

Public policy considerations also impact PHAs' perception of the RAD program and their willingness to convert properties through RAD. Studies consistently show that residents benefit more from Section 8 housing than Section 9 housing; however, in some localities, residents appear to strongly prefer Section 9 housing to Project-Based housing due to skepticism of private sector landlords.[484] PHAs located in areas that are more skeptical of Project-Based developments appeared less likely to embrace the RAD program.[485] Similarly, one PHA noted that it does not

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[475] *Id.*
[476] *See* Conflicting Program Incentives, *supra* pages 33-37.
[477] Mile Strain, *With Foreclosure Looming Little Rock City Board Aims to Keep Residents in the Homes,* ARK. TIMES (Apr. 16, 2025), https://arktimes.com/arkansas-blog/2025/04/16/with-foreclosure-looming-little-rock-city-board-aims-to-keep-residents-in-their-homes.
[478] *Id.*
[479] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).
[480] Meetings with Committee Majority staff (June 17-18, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[481] Meetings with Committee Majority staff (June 17-18, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[482] Meetings with Committee Majority staff (May 28, 2026) (notes on file with the Committee).
[483] Meetings with Committee Majority staff (June 17-18, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[484] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 7-8, 2026) (notes on file with the Committee). In some areas, there appears the strongest preference for vouchers. *See id.*
[485] Meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

intend to pursue RAD conversions because it wants the PHA to retain its ownership interest in the properties, and because residents and staff believe that the Section 9 Program protects residents more than Project-Based alternatives,[486] despite Project-Based alternatives also having resident protections.[487]

THIRD PARTY-INDUCED CHALLENGES

Mismanagement is a common driver behind a PHA failing to provide sufficiently decent, safe, and sanitary housing in a financially sustainable manner to people in need. However, PHAs relayed to Committee Majority staff that local authorities, ranging from city, county, and state governments to courts and local police frequently create unneeded challenges for PHAs. Conversely, several PHAs also articulated instances where these entities were highly supportive. Further, PHAs highlighted how residents often caused serious challenges for PHAs' operations and the conditions of their units, either knowingly or unknowingly.

A. Courts and Legal Aid

Several PHAs identified that delays and challenges in legal and judicial processes create substantial challenges for their operations. PHAs frequently reported to Committee Majority staff that evictions require substantial documentation and are frequently needlessly drawn out. These PHAs also noted that these delays and challenges harm their scoring in HUD's Public Housing Assessment system and frequently contribute to degrading physical conditions and unsafe environments.

Nearly every PHA that spoke with Committee Majority staff identified protracted eviction processes as a substantial challenge to their operations.[488] The challenges, time, and costs of the eviction process vary by state and locality.[489] Regardless of locality, PHAs have found that local courts frequently have a large backlog of cases which makes scheduling evictions difficult.[490] These PHAs have highlighted that courts are also frequently unwilling or hesitant to approve the eviction of individuals in affordable housing, purportedly fearing they may become homeless.[491]

As a general principle, the Board of Commissioners and executive leadership of PHAs are highly compassionate individuals who are very hesitant to initiate the eviction process, especially for simple rent nonpayment.[492] In fact, most PHAs reported that they would not evict

[486] Meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[487] *Resident Rights & Responsibilities*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/sites/documents/doc_12162.pdf (last visited Sep. 21, 2026).
[488] *See generally* meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-16, 2026) (notes on file with the Committee).
[489] *See, e.g.*, meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-16, 2026) (notes on file with the Committee).
[490] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[491] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[492] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee). For example,

residents that accrue large delinquencies, provided that the resident was communicating with the PHA and attempting to make some portion of their payment.[493] Despite the patience and charity frequently shown by PHAs, courts remain reticent to evict highly delinquent or even violent residents.[494]

In the case of rent nonpayment, local courts appear to be contributing to and worsening many of the financial issues PHAs already face. As described above, many PHAs struggle to collect sufficient rent to support their operations, a problem that was compounded during the COVID-19 pandemic.[495] Courts empowering nonpaying residents to continue living on PHA property during a lengthy eviction process undermines rent collection at PHAs and increases the legal costs.[496] Given that PHAs rely on residents' rent for approximately half of their operations funding,[497] PHAs only have a limited amount of time before it starts severely straining their finances. In addition to harming PHAs' bottom lines, HUD's Public Housing Assessment scoring system considers TAR as one of its factors,[498] meaning that local courts' permissiveness could be compromising HUD's assessment of a PHA.

More than just excessively protecting residents from eviction for nonpayment of rent, several PHAs described instances where local courts were unwilling or highly resistant to removing individuals for violent or other criminal behavior.[499] Frequently, PHAs are told that they need substantial and concrete evidence of residents committing a crime before the court is willing to approve the eviction of individuals for criminal behavior.[500] While eviction is a civil, rather than criminal, matter, many PHAs claim that they are frequently held to a "beyond a reasonable doubt" standard in evictions for alleged criminal activity.[501] As a result, PHAs report allowing known drug dealers, abusers, and members of organized criminal groups to continue living in their housing given what they perceive as a lack of direct or sufficient evidence to appease local courts.[502] Further, some PHAs have claimed that they struggle to evict residents even when having overwhelming evidence of criminal activity.

While local courts adding hurdles to the eviction process for rent nonpayment harms PHAs, local courts empowering individuals accused of a crime creates significant problems that

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multiple PHAs noted to Committee Majority staff that they were willing to allow residents to be behind on their rent indefinitely, provided the residents were actively communicating with PHA leadership. *Id.*

[493] Meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 6-8, 2026) (notes on file with the Committee).

[494] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 2026); meetings on file with Committee staff (July 8, 2026) (notes on file with the Committee).

[495] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).

[496] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).

[497] *Rent Collections in Public Housing*, PUB. HOUS. AUTH. DIRS. ASS'N (Dec. 18, 2023), https://downloads.regulations.gov/HUD-2023-0098-0220/attachment_2.pdf.

[498] *PHAS Indicator Calculations Worksheet*, *supra* note 231.

[499] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-16, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

[500] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 2026); meetings on file with Committee staff (July 8, 2026) (notes on file with the Committee).

[501] Meetings on Committee Majority staff (June 15, 2026) (notes on file with the Committee).

[502] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 7-8, 2026) (notes on file with the Committee).

spread throughout the PHA. Many PHAs report that they struggle with crime and drug use among their residents but feel powerless to evict the alleged drug dealers living in their properties.[503] Committee Majority staff also saw instances where former residents who were part of a lengthy eviction process for criminal behavior severely damaged their unit before their final removal.[504] Indeed, the mission of Section 9 housing is to provide *safe, decent, and clean* housing, and frequently local courts and legal aid have stood in the way of these goals.

While many local courts reasonably have the concern that removing residents will put more people out on the streets, these concerns are also held by nearly all PHAs prior to initiating eviction proceedings. Moreover, there are currently more people on wait lists for affordable housing than currently living in affordable housing. As a result, while the eviction of a resident may create a new housing need, the affordable unit made available by their eviction can be used by someone in need who may respect the rules of affordable housing programs and be a benefit to their community. Most importantly, the vast majority of residents in affordable housing do not want criminals, drug dealers, or other potentially violent people in their communities. When discussing several recent evictions of criminals in their community, one resident who spoke with Committee Majority staff rejoiced about the freedom they felt to finally be able to walk around her neighborhood without fear.[505]

[503] Meetings with Committee Majority staff (June 15, 2026); meetings on file with Committee staff (July 7-8, 2026) (notes on file with the Committee).
[504] Meetings with Committee Majority staff (June 16, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[505] Meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

Case Study on Local Courts

In its visit to the PHA discussed in the case study on natural hazards, the PHA attributed a portion of its operations management struggles to its challenges collecting rent, which it indicated was partially attributable to its local courts' refusal to approve evictions in a timely manner.[506]

To improve its TAR following the COVID-19 eviction moratorium, the PHA undertook a large rent repayment effort, and subsequent eviction effort, for residents who continued to not pay. The PHA described extensive challenges with local courts delaying the eviction process for these nonpaying residents. The PHA attributed this hesitance to local courts' view that Section 9 housing is the "housing of last resort," and fear that evicted residents would become homeless. As noted, PHA leadership and staff generally are not seeking needless reasons to evict residents. The PHA's need to evict is driven primarily by programmatic requirements and financial necessity; further, evicted residents are replaced by other individuals who have a similar need for housing that may be willing to pay.

Local courts in the PHA's area were not just resistant to evictions for nonpaying residents but were similarly permissive of violent residents or residents engaged in criminal activity, and callously indifferent to the impact that can have on other residents. In one instance also highlighted above, the PHA sought to evict a resident that had intentionally caused damage to their unit.[507] Despite seeking to evict this resident, the PHA still had to provide an alternative living arrangement for the resident while eviction proceedings continued because their unit was uninhabitable, placing them in a nearby hotel.[508] During the protracted eviction litigation, this resident also similarly destroyed their temporary hotel room.[509]

Again, while the eviction process was ongoing in local courts, the PHA repaired the resident's unit and moved them back in.[510] Soon after, the PHA attained a video recording of this resident assaulting a romantic partner, slamming her head onto a countertop, seriously injuring her and breaking the counter.[511] Despite HUD rules allowing the removal of residents engaged in such conduct within 72 hours, even when this conduct was being recorded on video, the PHA indicated to Committee Majority staff that it still had to engage in six additional months of litigation before the court ultimately approved the eviction of this resident.[512] Such delays expose other PHA residents to continued safety risks.

While a more location-dependent concern, several PHAs also noted that the eviction delays caused by local courts are compounded by legal aid groups, who frequently empower harmful residents and needlessly drag out the eviction process. This concern was more frequently

[506] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee); meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[507] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[508] *Id.*
[509] *Id.*
[510] *Id.*
[511] *Id.*
[512] *Id.*

expressed by PHAs located near or in large metropolitan areas.[513] Although legal aid organizations have a legitimate purpose in representing low-income individuals who may be unable to afford counsel is noble, several PHAs noted instances these groups prolonged the eviction process for individuals with serious lease violations.[514] Notably, a legal aid group provided counsel to the resident in the following case study who tried to set multiple fires in his building.[515] It was not until the resident attempted to set his fourth fire in the building that the legal aid group providing the resident assistance was willing to concede that eviction was likely proper.[516]

Case Study on Legal Aid

This PHA is a small-to-medium sized PHA with 377 units of Section 9 housing. The PHA was designated as troubled by HUD in 2022 due to failing financial and operations management scores in HUD's assessment. The PHA's operations management failures were largely due to low occupancy rates and failure to collect sufficient rents.[517] The PHA indicated that its failure to collect sufficient rent was due to the COVID-19 eviction moratorium, shifting resident expectations due to the eviction moratorium, and lengthy eviction processes in local courts which are worsened by legal aid groups.[518] The PHA indicated to Committee Majority staff that, through a combination of hesitant courts and vigorous legal aid groups, evictions for nonpayment of rent take at minimum six months, with some litigation taking over two years.[519]

The PHA told Committee Majority staff of an individual that lived in an apartment tower-style building whom it sought to evict for repeatedly trying to start fires in his unit.[520] Indeed, public reporting and fire response records indicate that the PHA experienced frequent issues with fires being started in their units, though these records and reports are frequently unclear as to who is starting the fires. The PHA notes that this resident was, unfortunately, mentally unwell and lacked the support structure needed. Starting in 2019, this resident would experience acute symptoms of his mental illness which compelled them to light fires in his apartment unit. While truly an unfortunate situation, the Section 9 program is not designed to provide ongoing mental health assistance to residents.[521] HUD's Section 811 Housing is designed to aid people with disabilities which can include individuals with debilitating mental health conditions that make them a danger to themselves and others. The program is purely voluntary and the resident elected never to utilize this housing program.[522]

[513] Meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[514] Meetings with Committee Majority staff (May 27, 2026) (notes on file with the Committee).
[515] *Id.*
[516] *Id.*
[517] *Id.*
[518] *Id.*
[519] *Id.*
[520] *Id.*
[521] *Id.*
[522] *Id.*

Case Study on Legal Aid *Cont.*

From 2019 through 2026, this resident started no fewer than four fires in their apartment intentionally.[523] After the first fire, the PHA started eviction proceedings. Soon after, the resident, with the support of his family, began to utilize the services of a legal aid group. According to the PHA, the legal aid group advocated that the resident should not be evicted because he was mentally unwell and had nowhere else to go. Apparently, the court found this argument compelling and combined with the slowdown in cases during the COVID-19 pandemic, continued to delay the eviction process.[524] As these proceedings were ongoing, the resident purportedly set two additional fires in their apartment tower property, endangering the lives of hundreds of residents. Thankfully there was minimal damage, and while the resident who started the fire was hurt, the building's other residents were not harmed.

Throughout this process, the legal aid group supporting this resident purportedly maintained its position that the resident should not be evicted due to having nowhere else to go. It was not until the resident allegedly started a fourth fire, resulting in them being taken to the hospital with injuries and the unit being destroyed – and in the same day, the resident returning and attempting to set the outside of his unit's door on fire since it had been locked off due to fire damage.[525] After this series of events, the legal aid group purportedly relented and agreed that the resident should be removed, and soon after the local court finalized the eviction of the resident.[526]

B. Local and State Government Support

Local and state governments play an important role in either assisting or harming housing agencies' operations. In some instances, both state and local governments are exceedingly helpful to PHAs, assisting their operations and providing financial resources to support their development. In other instances, however, local and state politicians have taken actions that have harmed the PHA and its residents.

Regarding positive interactions, several PHAs recounted how their state and local governments have provided essential services, such as police support and monitoring, for free or at a discount to PHAs.[527] Certain local governments have also made plots of land owned by the city available to the PHA for it to build on.[528] On a state level, a small number of states maintain state finance agencies that are purportedly very helpful and supportive of PHAs, such as Virginia.

[523] *Id.*
[524] *Id.*
[525] *Id.*
[526] *Id.*
[527] Meetings with Committee Majority staff (May 28, 2026) (notes on file with the Committee).
[528] *Id.*

Exhibit F: Development Proposal for Land from a Local Land Bank[529]

Conversely, several local governments appear to be at times hostile to their PHAs. The largest source of tension between PHAs and local governments appears to be due to a disconnect between what local governments want PHAs to do and what PHAs are permitted to do under HUD regulation.[530] Several PHAs have noted that their local governments want the PHA to allow specific individuals or all local homeless individuals to be housed at PHA properties, and the governments do not understand the PHAs' housing, programming, and funding limitations.[531] As a result, these local governments frequently apply strong political pressure on PHAs, including using their capacity to appoint and remove members of the PHA Board of Commissioners to try to convince the PHA to comply with their requests.[532] In one instance, a PHA noted that at least four executive directors had been removed by the Board of Commissioners, under pressure from local government officials, since 2019.[533]

In addition to tensions related to policy disagreements, Committee Majority staff identified several other instances of local governments engaging in a manner that negatively impacted their PHA. One PHA reported that the city government erected a wall around its Section 9 housing facilities, hoping to keep its residents out of the broader community.[534] In another example, a local government is purportedly price-gouging a PHA for utilities, while failing to provide basic trash removal services, as well as sewer and road maintenance.[535] Additionally, one PHA informed Committee Majority staff that its city's police refuse to respond to calls from the PHA and its residents, including one instance where the police refused to respond when a disgruntled former PHA employee returned to the PHA's offices and threatened

[529] Paul Schwedelson, *PHA Plans $27 Million Development in North Philadelphia*, PHILADELPHIA BUS. J. (May 19, 2026), https://www.bizjournals.com/philadelphia/news/2026/05/19/pha-61-unit-senior-affordable-housing.html.
[530] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[531] Meetings with Committee Majority staff (May 27, 2026) (notes on file with the Committee).
[532] *Id.*
[533] *Id.*
[534] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[535] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).

employees.[536] The PHA attributed the lack of support to a contracting dispute, where the PHA purportedly chose to pay the county sheriff's office for full-time, on-site security instead of the city police.

Case Study on Local Government

As previously discussed in the context of Maintenance and Inspections, one PHA was initially designated as troubled due to its failing physical condition and financial management scores.[537] Further compromising the PHA's physical conditions and financial position are the actions, or lack thereof, by its local government.

Despite entering the role with the full-throated support of local officials, the PHA's executive director claims that the city has engaged in several practices that harm the housing authority.[538] The city purportedly attempted to price gouge the PHA on the cost of utilities, specifically water and power.[539] The city is allegedly doing this price gouging due to the protracted economic decline locally.[540] The city is also denying the PHA access to local trash removal services and road maintenance within and between the PHA's communities (in this case, the city owns the roads within the PHA's communities). Further, while preparing a RAD application for its most blighted property, the PHA identified that its local sewers were filled with large sediment deposits which were likely causing the frequent sewage backups at this property and needed clearing before its property could be redeveloped through RAD.[541] The city is purportedly unwilling to remove the sediment deposits from the sewers and is demanding the PHA pay the costs of any sewer maintenance.[542]

To overcome the challenges, the PHA has elected to take direct action instead of working to comply with their demands. To overcome the fiscal burden of the city overcharging for water and sewage services, the PHA has dug several wells which it uses throughout the property for non-potable water.[543] When the city refused to repave roads in their neighborhood, the PHA simply did it itself.[544] To enable its RAD project despite the local government refusal to clean up its sewer system, the PHA is going to clear out the sewer itself.[545]

Unfortunately, the spectrum of support from localities impacts the quality of a resident's housing and safety. Given a PHA's duty to comply with federal rules, local attempts to impose policy preferences leave residents in the crossfire. State and local governments should embrace the productive relationships displayed by some localities and PHAs. These types of productive relationships not only benefit PHA residents, but also the surrounding area.

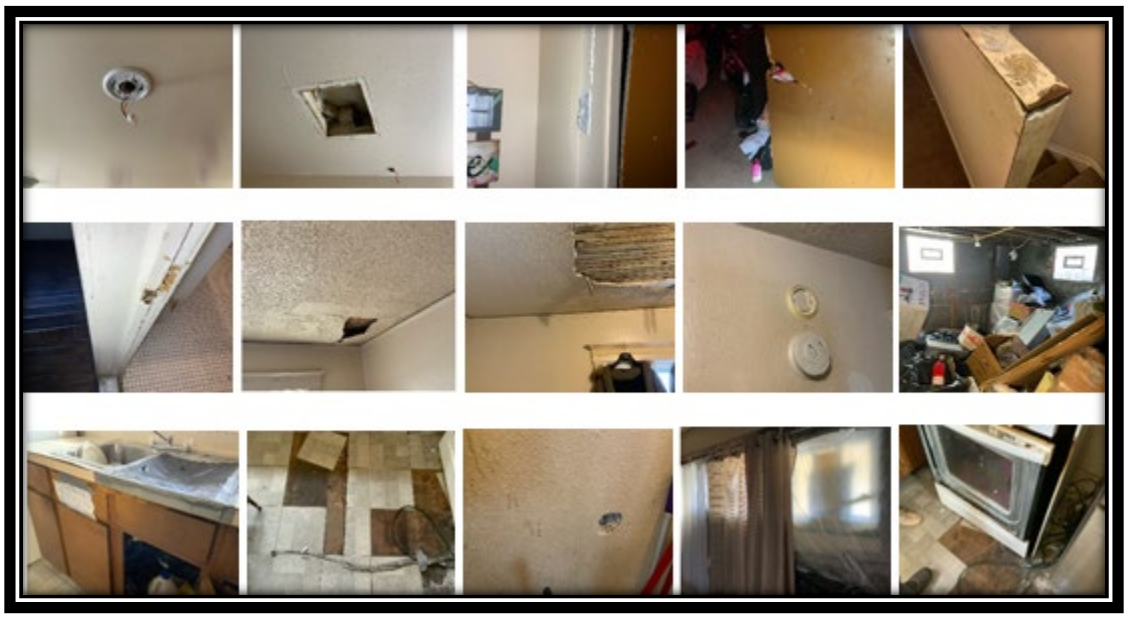
[536] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[537] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[538] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[539] *Id.*
[540] *Id.*
[541] PHA Redevelopment Planning Documents (on file with the Committee).
[542] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[543] *Id.*
[544] *Id.*
[545] *Id.*

C. Resident Challenges

Section 8 and Section 9 housing is intended to provide decent, safe, and sanitary housing to low-income Americans in need of assistance. Unfortunately, affordable housing sits at the intersection of several other issues that create additional challenges for PHAs, and more importantly, the people who live in affordable housing. From organized crime to mental health, PHAs encounter several issues created by usually just a small number of their residents that contribute to several of the challenges PHAs face in managing their properties.

The most common deficiencies PHAs are cited for in their inspections are things that only residents can cause. For example, smoke and carbon monoxide detectors are almost exclusively disconnected by residents, either for innocent reasons like not wanting to trigger the alarm while cooking, or for less innocent reasons like smoking indoors.[546] Similarly, residents frequently block or obstruct points of egress, such as windows, with décor, which also results in a point deduction for the PHA.[547] Regardless, the PHA's score is reduced for deficiencies in these units.[548] Overall, the PHAs that spoke with Committee Majority staff estimated that between 60 and 90 percent of deductions marked on their HUD inspections were due to an issue that is resident-induced.[549]

Exhibit G: Resident-Induced Damages[550]



Another common trend regarding unit inspections is that the residents are hesitant to report damage to their PHA, meaning these issues are only identified in their annual self-

[546] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[547] *See generally id.*
[548] *See* Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE), 88 Fed. Reg. 30,442 (2023).
[549] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[550] Within just one AMP comprised of scattered sites, a PHA had units that were extensively damaged by residents. This includes damaged fixtures, countertops, walls, and doorframes, as well as removed smoke detectors. One

inspection, or during HUD's inspections. PHA leaders believe the driving force behind the unwillingness of residents to report damage is because residents fear eviction or having to pay for fixing the damage.[551] Every PHA Committee Majority staff spoke with made it clear that these fears are entirely misplaced.[552] Unless the unit damage is related to the commission of a crime, PHAs are unlikely to evict the resident.[553] Further, most PHAs reported to Committee Majority staff that they do not even charge for the full cost of whatever repairs are needed and stated that they'd rather have the resident report the issue prior to inspection so they are not deducted points by HUD.[554] In one example, a PHA noted that a new hard-wired smoke detector costs them approximately $70, while they only charge residents $17.[555]

The United States is struggling with a mental health crisis that impacts nearly all aspects of daily life,[556] including affordable housing. Several PHAs noted to Committee Majority staff that undiagnosed mental illness is pervasive in their community and forces them to operate as both a PHA and mental health counselor.[557] PHAs also noted that the families of mentally ill and elderly Americans, in some instances, would assist their relatives in getting into Section 8 or Section 9 housing and then functionally abandon them, despite knowing their mental health or aging needs.[558] As a result, PHAs frequently experience challenges related to the behavior of mentally unwell residents or receive inconsistent rent payments from these residents.[559] While most PHAs lack the resources needed to provide mental health support,[560] one PHA found that contracting with a mental health and behavior specialist to conduct earlier interventions for residents was beneficial.[561]

Crime is similarly a concern for many PHAs. This not only extends to crime against residents, but also to unoccupied affordable housing units, which are frequently targets for vagrants and criminals.[562] Several PHAs at greater risk of vagrancy have elected to use expensive systems to prevent vagrancy, but these systems are frequently too expensive for PHA

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resident damaged or ripped up their floor and damaged their stove. The other unit flooded due to a damaged sink, causing extensive and long-lasting water damage and mold issues. Both properties are slated for Section 18 due in part to the extensive damage. *See* PHA Inspection Documents (on file with the Committee).

[551] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).

[552] *Id.*

[553] *Id.*

[554] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 16-18, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

[555] Meetings with Committee Majority staff (May 27, 2026) (notes on file with the Committee). *See also* meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee) (wherein a PHA discusses that they always under-charge residents for the cost of repair).

[556] *Protecting the Nation's Mental Health*, CTRS. FOR DISEASE CONTROL & PREVENTION (May 19, 2026), https://www.cdc.gov/mental-health/about/what-cdc-is-doing.html.

[557] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 18, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

[558] Meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

[559] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 18, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

[560] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 18, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

[561] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).

[562] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 17-18, 2026); meetings with Committee Majority staff (July 6, 8, 2026) (notes on file with the Committee).

budgets, inadequate, and can damage the units themselves.[563] Unfortunately, in the case of crime, often the PHA and its residents are not responsible for the issue, but suffer the consequences in their communities. Many PHAs have reported that the most problematic individuals at their properties are not their residents, but rather visitors. Notably, Committee Majority staff visited the unit of an individual who had recently been evicted after one of their guests purportedly "accidentally" fired their gun through one of the unit's first-story windows.[564] The bullet continued through a second-story bedroom of an adjacent unit, just inches from where a young child sleeps.[565] PHAs can exercise judgment to a certain extent regarding the residents they allow to live in their properties, but they have far less control over the residents' guests.[566]

Case Study on Resident Challenges

One visited PHA was initially designated as troubled due to its failing physical condition and financial management scores.[567] The PHA indicated to Committee Majority staff that it has historically experienced significant challenges with crime by its residents and, especially, the guests of many of their residents. Further, the PHA has highlighted that many of the common expenses PHAs incur and many of the deficiencies identified in HUD inspections are attributable to residents.

The PHA's executive director also highlighted their struggle with crime and challenging residents. The PHA's executive director noted that when he walked into his office on his first day, the first thing he saw was a young girl outside of his window, approximately 15 years old, with a pistol on her hip, who was walking three dogs that showed clear signs of dogfighting.[568] The PHA's leadership also indicated that their PHA had historically been the place where gangs from Chicago and Detroit would go to "settle their differences."[569] As a result, a staggering number of homicides have occurred in or near the PHA's properties.[570] The PHA's executive director indicated that in just his first six months at the PHA, there were three homicides on their properties.[571] The PHA's executive director indicated that the overwhelming majority, if not all, of these homicides were committed by individuals that did not live in the PHA's housing.[572]

The rampant crime and violence in the community also clearly had an impact on the PHA's residents. The PHA's executive director noted that, when crime was more common, people were more apt to treat their properties poorly, litter in the common spaces, and retreat to the safety of their units instead of spending time in their community.[573] The PHA's executive leadership has worked aggressively to evict residents that are engaged in criminal activity and have worked to resolve the underlying issues contributing to crime in the community.

[563] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[564] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[565] *Id.*
[566] 24 C.F.R. § 982 (2024).
[567] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[568] Meetings with Committee Majority staff (June 18, 2026) (notes on file with the Committee).
[569] *Id.*
[570] *Id.*
[571] *Id.*
[572] *Id.*
[573] *Id.*

Case Study on Resident Challenges *Cont.*

Further, the PHA's executive director claimed that residents had shown little care for their units, going so far as to knock holes in walls to make new passageways within their units.[574] Prior management purportedly did not see the need to rectify these issues prior to the PHA's troubled designation. Further, the PHA had experienced common forms of resident-induced damage, and had persistent issues with residents not reporting damage.[575] Remediating these issues also frequently cost the PHA money due to their residents' inability or unwillingness to pay for damage they caused.[576] The PHA has since worked to improve its culture, from its leadership to its staff, and down through to its residents which has been effective in mitigating some more serious issues such as crime, and has purportedly had the downstream effect of improving the way that residents treat their and the PHA's property, which has been reflected in improving inspection scores.[577]

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDUCED CHALLENGES

While many of the issues PHAs face are self-caused or simply reflect the challenging nature of these programs, HUD also has a role to play in many of the challenges PHAs face. Many of these issues are the result of HUD failing to adopt technological solutions to their challenges and insufficiently prioritizing accountability in its programs. Fortunately, the Trump Administration has made PHA accountability and improving the technology at HUD a priority. As the Administration continues to prioritize its oversight of PHAs, HUD should consider programmatic and policy adjustments to address the issues its actions and policies can have on PHAs.

A. HUD Data Systems

Through the course of the Committee Majority staff's investigation, it became clear that the data systems used by HUD were dated and sometimes inaccurate. PHAs described HUD systems as cumbersome, unintuitive, and insufficiently user-friendly.[578] Additionally, some PHAs complained that HUD uses multiple portals and platforms and expressed a desire for HUD to unify these platforms.[579] PHA frustration with HUD's data systems have been echoed by findings by HUD's Office of Inspector General (OIG).[580] Regarding the accuracy of HUD's data, most inaccuracies were not terribly impactful but often resulted in confusion for PHAs. HUD has

[574] *Id.*
[575] *Id.*
[576] *Id.*
[577] *Id.*
[578] Meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[579] Meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[580] INSPECTOR GEN., U.S. DEP'T OF HOUS. & URBAN DEV., 2026-CH-0003, HUD DID NOT EFFECTIVELY IMPLEMENT THE REQUIREMENTS FOR THE TIMING OF INSPECTIONS UNDER NSPIRE 3 (2026).

been working to improve some of its systems and platforms, but until new systems are made available, the legacy systems will continue to cause confusion and consternation at PHAs.

PHAs indicated that most HUD systems are slow and not user-friendly or intuitive, in particular HUD's inventory management system, PIC.[581] Further, some PHAs claimed that the data in PIC is inaccurate, with one PHA suggesting that their results are frequently uploaded to a different PHA with a similar name in a different state (and vice versa).[582] Unfortunately, in 2024, the Biden Administration shelved plans to replace PIC with the new Housing Information Portal (HIP).[583]

In addition to the challenges with PIC, HUD lacks sufficient tools to adequately track funds in its programs, particularly PHAs' payments to contractors. As discussed above, HUD has consistently failed to satisfy the criteria of the PIIA and in 2025 identified over $5 billion in contracts where it could not identify or validate the recipient.[584] Further, throughout Committee Majority staff's investigation, staff identified several suspect contracts and contractors at PHAs that warrant additional scrutiny.[585] In the absence of HUD systems to collect and analyze contracting data, suspect contracts may continue to be issued by PHAs.

Additionally, the NSPIRE portal for PHAs to track their inspection results appears to have inaccuracies. At two separate PHAs, Committee Majority staff asked about occupancy rate figures reported on their inspection documents that were surprisingly low. In both instances, these PHAs were able to produce occupancy data from both their own systems and HUD's PIC system that indicated that the occupancy rate, as reported on the inspection report, was inaccurate.[586] These findings mirror similar findings from HUD's OIG, which found inaccuracies and poor functionality in both HUD's NSPIRE portal and PIC system; HUD OIG also found that the NSPIRE portal and PIC system do not communicate with each other effectively.[587] Although occupancy data is not an essential part of the inspection process, inspectors may review more unoccupied units than required by protocol if they believe that a property has excessively low rates, which undermines the completeness of the inspection. Furthermore, while there are concerns regarding the accuracy of the ancillary data in the NSPIRE portal, no PHAs raised concerns about the actual accuracy of the inspection data itself. At the same time, PHAs reported that the NSPIRE portal is the most user-friendly and modern of HUD's systems and portals.

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[581] Meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee). The Public and Indian Housing Information Center (PIC) is HUD's online system for collecting and cataloging PHA data and information in the Section 9 program. *See About IMS/PIC,* U.S. Dep't of Hous. & Urban Dev, https://www.hud.gov/helping-americans/public-indian-housing-systems-pic-about (last visited Sep. 21, 2026).

[582] Meetings with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

[583] *HIP Implementation Timeline Delayed*, NAT'L ASS'N OF HOUS. & REDEVELOPMENT OFFS., https://www.nahro.org/news/hip-implementation-timeline-delayed/ (last visited Sep. 21, 2026).

[584] U.S. DEP'T OF HOUS. & URBAN DEV., AGENCY FINANCIAL REPORT FY 2025 (2025).

[585] Meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee); PHA Contract Documents (on file with the Committee).

[586] Meetings with Committee Majority staff (June 15-16, 2026) (notes on file with the Committee).

[587] INSPECTOR GEN., U.S. DEP'T OF HOUS. & URBAN DEV., 2026-CH-0003, HUD DID NOT EFFECTIVELY IMPLEMENT THE REQUIREMENTS FOR THE TIMING OF INSPECTIONS UNDER NSPIRE 5 (2026).

While online portals and software are constantly updated and improved, many of HUD's systems are built upon aging infrastructure and technology. These limitations imply that HUD will struggle to sufficiently improve these platforms' usability and accuracy through ad hoc updates. While this is largely a practical and time management concern for PHAs using these systems, as the entity providing PHAs with funding, HUD should have an interest in ensuring PHA operational funds are used for the benefit of residents rather than paying for PHA staff trying to navigate its cumbersome systems.

Case Study on HUD Data

One PHA visited revealed how data in HUD's systems can be inaccurate.[588] In several of the inspection reports logged in HUD's NSPIRE system, the PHA's occupancy rates for some properties were indicated as being as low as 60 and 70 percent. Data presented by the PHA to Committee Majority staff indicated that at no point did any property operated by the PHA since 2021 have an occupancy rate below 80 percent.

In this case, the misaligned data appears confined only to HUD's NSPIRE system. It does not appear that the PHA's occupancy data is misreported in HUD's PIC system. While this also means that the PHA's assessment scores were likely not artificially reduced by inaccurate occupancy data, it may have impacted the standards used to inspect the PHA's properties. Under NSPIRE guidelines, inspectors are permitted to inspect a certain number of unoccupied units depending on the occupancy rate of the property. If inspectors, based on the data in the NSPIRE system, assumed the PHA's occupancy rate was lower than it was,[589] they may have inspected a greater number of unoccupied units. For this PHA, most of the PHA's unoccupied units are unoccupied for a reason—they are not in a position for residents to live in them and have obvious deficiencies that an inspector would identify.[590] This may have artificially reduced the PHA's overall inspection score due to sampling changes that included more units in a state of disrepair.

B. NSPIRE Implementation Challenges

During the first Trump Administration, HUD introduced a much-needed update to HUD's inspection protocols that sought to prioritize the physical safety of housing units and increase the consistency of inspections across HUD's programs.[591] While this new inspection protocol has several improvements over HUD's older systems,[592] the Biden Administration's initial rollout of

[588] Troubled PHA List with PHAS Scores as of Nov. 20, 2025 (on file with the Committee).
[589] Meetings with Committee Majority staff (June 15, 2026) (notes on file with the Committee).
[590] *Id.*
[591] 86 Fed. Reg. 2582 (2021) (Proposed Rule).
[592] Wendy Quackenbush, *Should We Be Inspired By NSPIRE*?, NAT. ASS'N OF HOME BUILDERS (Aug. 8, 2024), https://www.nahb.org/-/media/NAHB/education-and-events/docs/credentials/hccp/the-credential/2024-september/should-we-be-inspired-by-nspire-sept-2024.pdf?rev=cd25eb516bc549dc99630c325ee533c9&hash=6CCA22644D7F78DEAD76B80855431F7F.

the final NSPIRE regulations was fraught with issues, resulting in the deadlines for PHAs to implement NSPIRE inspections being pushed to February 2027.[593]

While the failed initial rollout of NSPIRE is predominantly an issue for HUD, it created several challenges and issues for PHAs seeking to comply with HUD's new standards. Several PHAs that spoke to Committee Majority staff explained that, in the beginning, HUD provided insufficient guidance and supporting materials for its maintenance staff to actually follow the standard.[594] Further, as part of the NSPIRE rollout, HUD regulations elected to not deduct points during inspections for certain new elements of the inspections that were not part of UPCS or HQS.[595] Several PHAs expressed frustration with this nuance, viewing its needless added complexity.[596] More concerning, the maintenance staff at some PHAs that spoke with Committee Majority staff appeared unaware that these non-scoring deductions would become scoring items after NSPIRE has been more fully implemented.[597]

The most common source of consternation with NSPIRE's rules is its requirements related to smoke and carbon monoxide detectors. In creating the NSPIRE standard, HUD specifically articulated that since smoke and carbon monoxide detectors are "often disabled or removed by residents and scoring them would result in many properties failing or scored at 0,"[598] HUD would not deduct points from PHAs' inspection scores for missing or disabled smoke detectors. Despite the NSPIRE rule clearly stating that missing detectors should not be a cause for points deduction, PHAs still frequently receive point deductions for missing detectors due to a separate requirement in the NSPIRE standard. Under NSPIRE, PHAs are required to utilize tamper-resistant smoke and carbon monoxide detectors in their units. The most common means of satisfying this requirement is by hard wiring the smoke detector to the wall. Unfortunately, when residents remove or tamper with these detectors, it frequently exposes an electrical conductor where the detector is wired into the building.[599] As a result, PHAs are often deducted points for having an exposed electrical connection when a smoke or carbon monoxide detector is removed,[600] which appears to cut against the spirit of the rules and punishes PHAs that utilized HUD's preferred power source for smoke and carbon monoxide detection, hard-wiring.

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[593] Tushar Gurjal, *HUD Publishes New NSPIRE for Vouchers Administrative Notice*, NAT'L ASS'N OF HOUS. & REDEVELOPMENT OFFS. (July 22, 2026), https://www.nahro.org/news/hud-publishes-new-nspire-for-vouchers-administrative-notice/.
[594] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[595] 86 Fed. Reg. 2582 (2021) (Proposed Rule).
[596] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[597] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[598] 88 Fed. Reg. 30442 (2023).
[599] *See generally* PHA Inspection Records (on file with the Committee).
[600] *Id.*

Exhibit H: Exposed Electrical Contact Resulting in a Deduction[601]

PHAs also expressed severe frustration with the inconsistency of inspectors responsible for conducting NSPIRE inspections. As it relates to smoke and carbon monoxide detectors, some inspectors will deduct no points for the missing detector or the electrical contact, while others will deduct points due to the exposed electrical contacts, and another set of inspectors will both deduct points for both issues. PHAs also reported that some inspectors are much more deferential or willing to give grace than others.[602] PHAs report that some inspectors would allow them to quickly repair some deficiencies while the inspection was ongoing and receive no point deduction.[603] The types of repairs or changes that inspectors have purportedly allowed PHAs to repair without deducting points include smoke and carbon monoxide detectors, clearing points of egress, patching holes in walls, and other minor, quick repairs.[604] Conversely, other PHAs report that their inspectors do not allow them to make such repairs, and score all deficiencies as they were initially identified by the inspector.[605] As a result of the disjointed rollout of NSPIRE, the Trump Administration was forced to pull all its inspectors from the field in 2025 and provide additional training.

The NSPIRE inspection protocol is universally believed to be an upgrade from HUD's legacy inspection protocols but is still in need of refinement. Many of these issues are likely to be resolved throughout the process of implementing and understanding the standard but have created confusion for PHAs in the interim. Still, all PHAs that spoke with Committee Majority staff indicated that they believe the NSPIRE protocol, even in the nascent stages of its implementation, is an improvement over the prior systems.

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[601] *Id.*

[602] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 15-17, 2026); meetings with Committee Majority staff (July 7-8, 2026) (notes on file with the Committee).

[603] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).

[604] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).

[605] Meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 16-17, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).

C. Timeliness of Reviews

HUDs review of PHAs and their operations are frequently not timely, or lag substantially, creating confusion, misallocating HUD's resources, and limiting the effectiveness of corrective action plans. In particular, HUD's review, communication, and reporting on troubled PHAs typically is not finalized until one or two years after the information was collected. As a result, HUD's established processes are often improperly tailored to address the deficiencies of troubled PHAs.

In conducting its assessment of PHAs, HUD requires PHAs to submit their financial, operational information based on their fiscal year-end, which is typically the end of March annually.[606]

Exhibit I: HUD Financial Submission Timeline[607]

FYE:	31-Mar-2023	30-Jun-2023	30-Sep-2023	31-Dec-2023
	Unaudited Timeline			
DUE DATE	**31-May-2023**	**31-Aug-2023**	**30-Nov-2023**	**28-Feb-2023**
1st late point	*16-Jun-2023*	*16-Sep-2023*	*16-Dec-2023*	*16-Mar-2023*
2nd late point	*1-Jul-2023*	*1-Oct-2023*	*31-Dec-2023*	*31-Mar-2023*
3rd late point	*16-Jul-2023*	*16-Oct-2023*	*15-Jan-2024*	*15-Apr-2023*
4th late point	*31-Jul-2023*	*31-Oct-2023*	*30-Jan-2024*	*30-Apr-2023*
5th late point	*15-Aug-2023*	*15-Nov-2023*	*14-Feb-2024*	*15-May-2023*
LPF/ Score of Zero	1-Sep-2023	1-Dec-2023	1-Mar-2024	1-Jun-2024
	Audit Timeline			
DUE DATE	**31-Dec-2023**	**31-Mar-2024**	**30-Jun-2024**	**30-Sep-2024**
LPF/ Score of Zero	1-Jan-2024	1-Apr-2024	1-Jul-2024	1-Oct-2024

Then, HUD begins its assessment of PHAs documents and financial submissions, typically issuing a preliminary score at some point in September.[608] HUD works to finalize its assessment and score, which typically is not released until the next calendar year. As a result, PHAs that submitted their 2025 information on time may not receive their Public Housing Assessment score (and if relevant, troubled determination) until 2027.

Due to this substantial lag in information and reporting, HUD's actions at the time of a potential troubled designation are based on information that could be more than a year out-of-date. In several instances during Committee Majority staff's visits to troubled PHAs, the PHA was able to demonstrate to staff that they had already resolved a majority of HUD's concerns

[606] *Public Housing Assessment System (NASS-PHAS)*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/reac/nass-phas (last visited Sep. 21, 2026). *See also* meetings with Committee Majority staff (May 28, 2026); meetings with Committee Majority staff (June 18, 2026); meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[607] *Public Housing Assessment System (NASS-PHAS)*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/reac/nass-phas (last visited Sep. 21, 2026).
[608] *Id.*; *see also* meetings with Committee Majority staff (June 15, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).

prior to receiving their notice of troubled determination.[609] In one instance, HUD declared a PHA in substantial default, despite its later-released Public Housing Assessment System scores revealing that, in the year prior to being found in substantial default, it had achieved a passing score of 79 out of 100—19 points clear of HUD's troubled status threshold.[610] Several other PHAs had similarly taken action to resolve their deficiencies prior to HUD's troubled determination and would likely not have been designated as troubled based on the intervening submissions to HUD.[611]

Those PHAs that had already worked to resolve their issues prior to HUD intervention frequently found the corrective action plan process to be fruitless and unnecessary. In contrast, PHAs that had resolved fewer of HUD's concerns expressed appreciation for the corrective action plan process. To ensure HUD's technical assistance and manpower is allocating time properly, and to better assist those PHAs in need of assistance, HUD should accelerate the timeline of its reviews.

Some PHAs also have expressed frustration with delays in HUD's approval of Section 18 applications. As noted in the case study on aging properties, one PHA visited by Committee Majority staff had to demolish one of its properties after identifying a severe mold issue. Naturally, this PHA needed to depopulate this building and identify alternative living arrangements for their residents. The PHA then requested that HUD approve the vacancies at this property, as to not excessively reduce the PHA's occupancy rates scores in its assessment. The PHA indicated that this request was not approved by HUD for nearly two years. During that time, the PHA received excessively low operations management scores in its PHAS assessment for these not-yet approved vacancies. Given how competitive property markets are and how tight funds are in affordable housing, these delays in approval have financial costs to PHAs and inhibit or disrupt their planning. While controls on the sale of Section 9 housing are essential to prevent bad actors from selling off PHA property, the amount of bureaucracy required to complete this process is a tremendous competitive disadvantage for the PHAs.

D. Communications

Nearly all PHAs that met with Committee Majority staff claimed there are longstanding internal and external communication issues at HUD. PHAs in the Committee Majority staff's review indicated that HUD frequently struggles to align efforts across its divisions and branches which often creates confusion and misconceptions at HUD and PHAs. Externally, PHAs found that HUD's communications to them can be inconsistent and that HUD's communications with external stakeholders are often unhelpful to the PHA.

Specifically, several PHAs identified that offices in HUD's Headquarters and HUD's field offices struggle to effectively communicate with each other. PHAs claimed that it appears field offices are often unaware of actions HUD Headquarters take regarding PHAs in their area. One example shared with Committee Majority staff includes HUD sending a letter to a PHA

[609] Meetings with Committee Majority staff (June 15, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[610] 2025 PHA PHAS SCORESHEET, *supra* note 189.
[611] Meetings with Committee Majority staff (May 27, 2026); meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).

requesting that they return some excess funding to HUD.[612] HUD's field office was purportedly unaware that the PHA was going to, or had received this request, nor was the field office aware that the PHA was holding any funds improperly.[613] In another instance, a troubled PHA working with its field office to satisfy the terms of its recovery agreement received a notice that it was being declared in substantial default.[614] The field office was purportedly unaware that HUD was sending this notice nor was it aware that HUD had made this substantial default determination.[615] These communication gaps often cause confusion for the PHA and their field office, especially when a PHA is working to satisfy the terms of a recovery agreement.

Additionally, the majority of PHAs noted that the technical assistance provided by HUD or its field offices was typically of high quality, but some PHAs focused on instances where communications from HUD or its field offices were unhelpful or lacked specificity. Several PHAs claimed that they have solicited advice from HUD, only to receive generalized answers that may not work for their PHA.[616] In another instance, a PHA outlined the trouble it was having communicating with and receiving technical support from its dedicated field office representative in the months leading up to that individual's retirement.[617]

Troubled PHAs also raised concerns regarding HUD's approach to communication with the media. One PHA noted that initially HUD had not publicized its decision to declare the PHA in substantial default, but then HUD issued a press release months later discussing the substantial default decision.[618] The PHA claimed that this press release, while technically accurate, subjected the PHA to unnecessary added scrutiny and created the fear among some residents that they may soon lose their homes.[619] Relatedly, at some PHAs that HUD has declared in substantial default or taken over, several individuals, including PHA Board Members and local officials, have expressed that they believe a HUD takeover will displace residents.[620] To that end, HUD communications with the general public must be tailored to implement accountability in a productive manner and provide residents with clear and consistent information regarding the future of their housing.

E. Oversight and Financial Audits

Throughout the course of Committee Majority staff's investigation, it became increasingly clear that the financial information and documentation which HUD requires is insufficient to facilitate robust, remote oversight of PHAs and their finances. Further, HUD oversight has historically been inconsistent, which has allowed for severe deficiencies and issues at some PHAs to go unaddressed. To enable HUD to engage in a more detailed and accurate

[612] Meetings with Committee Majority staff (June 16, 2026) (notes on file with the Committee).
[613] Meetings with Committee Majority staff (June 17, 2026); meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[614] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[615] *Id.*
[616] Meetings with Committee Majority staff (July 8, 2026) (notes on file with the Committee).
[617] Meetings with Committee Majority staff (July 7, 2026) (notes on file with the Committee).
[618] *Id.*
[619] *Id.*
[620] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).

review of PHAs, HUD must demand more financial documentation and conduct more thorough reviews of PHA finances.

In several instances, financial documentation was so incomplete that it became impossible to determine the validity of nearly any transaction, payment, or line item. This was most notable in Little Rock, where, starting in 2011, HUD's assessments of MHA consistently found that MHA's financial conditions and management were deteriorating and barely exceeded HUD's minimum required standards, resulting in HUD designating MHA as troubled in 2017;[621] which was followed by MHA failing to submit audited financial statements from 2019 to 2023.[622] Despite MHA's financial concerns spanning over a decade, HUD did not even initiate a more complete review until 2023.[623] This review identified several findings but was ultimately limited by MHA's lack of financial documentation.[624]

Similarly, Committee Majority staff asked the executive director of a PHA to explain or rationalize a payment over $100,000 to the previous executive director just prior to his departure.[625] The current executive director indicated that he suspected this to be a retirement benefit but that the amount appeared excessive.[626] This PHA could also not locate any documents internally to explain the reason for this payment, nor could he identify whether the funds were pulled from the PHA's operations or capital funding or both.[627]

If PHA's internal records are insufficient for them to understand and explain their finances, HUD certainly lacks the information and insight needed to identify potential instances of wrongdoing. To that end, HUD must demand that PHAs keep much more detailed records. Further, HUD must ensure that its reviews of PHA financials can identify wrongdoing or negative trends in the finances of PHAs. Further, HUD must consistently monitor PHA finances and pursue concerning or suspect transactions.

On a broader level, the amount of scrutiny and accountability at PHAs and in Section 9 program decreased substantially as the Section 8 program has grown in prominence. Generally, HUD is responsible for conducting oversight of PHAs and their partners through various reviews and analyses.[628] Unfortunately, until recently, HUD's oversight has been inconsistent, at best, with prior administrations failing to conduct the required analyses or implement robust data tracking and analytics.[629] To that end, HUD's OIG found that approximately 15 percent of

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[621] Tess Vrbin, *Official: Housing Authority Mended*, ARK. DEMOCRAT-GAZETTE (Apr. 3, 2021), https://www.arkansasonline.com/news/2021/apr/04/official-housing-authority-mended/.
[622] 2023 HUD REPORT, *supra* note 379; Tess Vrbin, "*Troubled" Little Rock Public Housing Agency Plans to Address Local and federal Officials' Concerns,* ARK. ADVOCATE, (Sep. 20, 2023), https://arkansasadvocate.com/2023/09/20/troubled-little-rock-public-housing-agency-plans-to-address-local-and-federal-officials-concerns/.
[623] 2023 HUD REPORT, *supra* note 379.
[624] *Id.*
[625] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).
[626] *Id.*
[627] *Id.*
[628] *Public and Indian Housing Field Office Monitoring of Public Housing Agencies Handbook*, U.S. DEP'T OF HOUS. & URBAN DEV. (Apr. 25, 1995), https://www.hud.gov/sites/documents/74607trnguid.pdf.
[629] U.S. DEP'T OF HOUS. & URBAN DEV., HOUSING AND URBAN DEVELOPMENT 2025 AGENCY FINANCIAL REPORT (2025) [hereinafter HUD 2025 FINANCIAL REPORT].

Section 9 properties appear not to have been inspected since they were constructed, with HUD's data indicating that some of these properties have not been inspected in over sixty years.[630] Furthermore, prior administrations frequently failed to hold PHAs and their leadership accountable for program deficiencies.[631]

In addition to failing to hold PHA leadership accountable, HUD has historically also failed to conduct sufficient due diligence on PHA contractors and partners, specifically in the RAD program. Throughout Committee Majority staff's review, PHAs expressed concerns that developers participating in the RAD program have or may seek to take advantage of a PHA by leveraging their greater understanding of the program to create uneven deals.[632] Notably, several of the most prolific partners in the RAD program are reportedly under investigation by HUD or HUD OIG for some form of malfeasance or misconduct.[633] Despite these issues, HUD routinely approves projects with these developers, suggesting it may be conducting insufficient due diligence on RAD agreements or not communicating internally or externally about the potential issues. As a result, several attempted RAD projects have failed to achieve the desired result for the PHA or its residents.[634]

Further, for over a decade, HUD has been unable to satisfy its obligations to report estimates of improper payments, as required under the *Payments Integrity Information Act (PIIA)* and other laws.[635] These estimates are vital to detect fraud and waste in government programs, and HUD's failure to conduct these reviews enables and empowers individuals to defraud HUD's programs, including affordable housing. HUD has demonstrated a limited ability to track its payments across several of its largest programs and appears to have historically had nearly zero understanding of the number of improper payments it made. Despite HUD's OIG repeatedly raising concerns both with HUD's failure to comply with the *PIIA* and HUD's broader inability to track its payments to estimate improper payments,[636] HUD has been historically unable or unwilling to implement the policies and systems required to protect taxpayer dollars.[637]

Despite the disinterest of the Biden Administration in resolving this issue, the push for government efficiency under the Trump Administration has driven HUD to make progress on its systems to better track its payments. While this effort is motivated by a desire to protect taxpayer dollars, it is not explicitly designed to achieve compliance with PIIA. Regardless, HUD has made progress in tracking HUD and PHA payments. In 2025, HUD found that in the final year of the Biden Administration, HUD made $5.8 billion in payments that HUD could not reconcile or identify the recipient.[638] HUD is unlikely to achieve full compliance with PIIA in the near future

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[630] INSPECTOR GEN., U.S. DEP'T OF HOUS. & URBAN DEV., 2026-CH-0003, HUD DID NOT EFFECTIVELY IMPLEMENT THE REQUIREMENTS FOR THE TIMING OF INSPECTIONS UNDER NSPIRE, 3 (2026).
[631] HUD 2025 FINANCIAL REPORT, *supra* note 629.
[632] *See generally* meetings with Committee Majority staff (May-July 2026) (notes on file with the Committee).
[633] Meetings with Committee Majority staff (Aug. 27, 2026) (notes on file with the Committee).
[634] Shamus Roller et al., *The Promise and Peril of HUD's RAD Program*, SHELTERFORCE (July 30, 2018), https://shelterforce.org/2018/07/30/the-promise-and-peril-of-huds-rad-program/.
[635] INSPECTOR GEN., U.S. DEP'T OF HOUS. & URBAN DEV., 2024-FO-0006, HUD DID NOT COMPLY WITH THE PAYMENT INTEGRITY INFORMATION ACT OF 2019 (2024).
[636] *Id.*
[637] *Id.*
[638] HUD 2025 FINANCIAL REPORT, *supra* note 629.

but has initiated the process of better accounting for its expenditures, which should enable it to estimate improper payments in compliance with PIIA in the future.

HUD's failure to prioritize oversight and accountability, though, predates the Biden Administration. HUD's initial failure to comply with improper payment laws dates back to President Obama's first term.[639] Further, during the Obama Administration, HUD substantially scaled back its review of the management of PHAs, including deprioritizing reviews of PHAs' senior officials for conflicts of interest and self-dealing.[640] When asked by Committee Majority staff why the Obama Administration elected to scale back its oversight of PHAs, a former HUD Deputy Assistant Secretary who was serving at the time indicated that oversight of, or accountability for, PHAs was not considered a priority.[641]

Further compromising accountability in HUD's programs, the Biden Administration reduced HUD's internal controls and placed "substantial trust and responsibility in these non-federal entities, such as housing authorities, contract administrators, and landlords," in implementing HUD's Section 8 programs.[642] HUD found that the "Biden Administration did not provide HUD with effective tools, technology, or access to the evidence necessary to verify whether these entities were properly enforcing the intricate rules governing rental assistance."[643] These factors combined reduced the amount of accountability for PHAs, allowing ineligible residents to live in affordable housing and residents to falsify their eligibility information without repercussion. Building upon the Obama Administration's aversion to accountability at PHAs, the Biden Administration did not make the results of inspections for PHAs publicly available from 2022 through 2024,[644] shielding PHAs from further scrutiny.

The coordinated effort to scale back oversight and abandon accountability in these programs likely increased the risk of fraud in these programs substantially. Further, by reducing controls on PHAs and oversight of PHA leadership, prior administrations allowed unfit or corrupt leadership to continue their schemes unopposed. In fact, the current executive directors of several troubled PHAs expressed to Committee Majority staff concerns that their predecessors deliberately engaged in misconduct[645] or were so ill fitted for their positions that it contributed to financial and operational mismanagement.[646] The lack of HUD oversight of the senior leadership of PHAs over the course of several years allowed malicious or incompetent leaders to abscond with taxpayer funding and degrade the living conditions for residents. While recent changes made by the Trump Administration are aimed at restoring accountability in HUD's programs, prior administrations' failures to prioritize oversight and accountability of PHAs constitutes a dereliction of the executive's duty to be an effective steward of taxpayer dollars and is a tremendous disservice to the Americans living in HUD-supported housing.

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[639] INSPECTOR GEN., U.S. DEP'T OF HOUS. & URBAN DEV., 2024-FO-0006, HUD DID NOT COMPLY WITH THE PAYMENT INTEGRITY INFORMATION ACT OF 2019 (2024).
[640] Meetings with former HUD officials (Jan. 29, 2026) (notes on file with the Committee).
[641] *Id.*
[642] HUD 2025 FINANCIAL REPORT, *supra* note 629.
[643] *Id.*
[644] *HUD Physical Property Inspections Scores*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.huduser.gov/portal/datasets/pis.html (last visited Sep. 21, 2026).
[645] Meetings with Committee Majority staff (June 17, 2026) (notes on file with the Committee).
[646] Meetings with Committee Majority staff (July 6, 2026) (notes on file with the Committee).

Case Study on Audits and HUD Oversight

As noted in the case study on nonprofit management, this PHA is a small PHA located in a mid-sized city with approximately 150 units.[647] While HUD first designated the PHA as troubled in 2022, its issues with financial management began to emerge around 2015 when its financial documentation began to decline in quality and completeness.[648] The PHA's story raises substantial concerns regarding HUD's historic failure to ensure PHAs are held accountable.

From 2012 through 2016, HUD Public Housing Assessment System assessments identified the PHA as a "Substandard" performing PHA.[649] Highlighting these emerging issues, in 2015, HUD conducted a review of the PHA and identified several important corrective actions.[650] From 2019 through 2023, the PHA failed to submit any audited financial statements to HUD.[651] In 2021, the PHA's then-executive director sent a memorandum to HUD reporting alleged misconduct by the PHA's Board Members.[652] In 2023, HUD investigated the PHA's misuse of funds in the HCV Program, but not its Section 9 program.[653]

While HUD was generally aware of the PHA's serious deficiencies, it continuously failed to act or seriously investigate allegations of misconduct. In fact, HUD did not declare the PHA in substantial default until April 2026. In that absence of accountability, documents and testimony presented to Committee Majority staff suggest that at least two former Commissioners on the PHA's Board of Commissioners engaged in unlawful conduct from at least 2018 through their removal in 2023.[654] This alleged conduct includes embezzling funds and resources that were intended for the benefit of the PHA and its residents,[655] as well as defrauding the PHA's government and private sector partners.[656] Additionally, the Commissioners are alleged to have unlawfully steered nearly $1.5 million in contracts.[657] Other former Commissioners and PHA employees may have also been complicit in the wrongdoing.[658]

[647] PHAS Score Information (on file with the Committee).
[648] HUD Quality Assurance Division Report (on file with the Committee).
[649] *Id.*; *see also* PHA Troubled History Article (on file with the Committee).
[650] HUD Quality Assurance Division Report (on file with the Committee).
[651] *See generally id.*
[652] Memorandum from PHA Executive Director (on file with the Committee); meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).
[653] *See generally* HUD Quality Assurance Division Report (on file with the Committee).
[654] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).
[655] *Id.*
[656] *Id.*
[657] HUD Quality Assurance Division Report (on file with the Committee).
[658] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).

Case Study on Audits and HUD Oversight *Cont.*

The PHA's former leadership also allegedly misused the PHA's staff and resources for personal purposes, such as after work parties, without compensating the PHA.[659] A former Commissioner on the PHA's Board of Commissioners also purportedly engaged in nepotistic hiring practices, such as having the PHA hire their children,[660] and procuring their children personal vehicles under the pretense of them being work vehicles for the PHA.[661] Interestingly, following the removal of the PHA's prior leadership,[662] one of these vehicles was stolen,[663] with some local officials implying that the former Commissioner or former Commissioner's child might be responsible for the theft.[664] The former leadership of the PHA is also accused of misappropriating land from their local government for friends and family under the pretense the land was for the PHA.[665]

In total, the documents and testimony presented to Committee Majority staff allege that at least $896,605 worth of the PHA's resources were misused by the Commissioners either in a personal or professional capacity, including potentially as much as $198,605 in payments and benefits issued directly to the Commissioners.[666] Moreover, it is likely that the sums identified by the Committee represent just a portion of the unlawful conduct by the PHA's former leadership.[667] These missing funds, coupled with the improper use of funds throughout HUD programs, resulted in severe financial distress for the PHA. Additionally, following the removal of the PHA's former leadership, the PHA lost access to several accounts belonging to it and its nonprofit affiliate. HUD's failure to conduct effective oversight and act for a decade allowed these issues to fester and deteriorate, to the detriment of the PHA and its residents.

THE TRUMP ADMINISTRATION'S EFFORTS TO IMPROVE PUBLIC HOUSING AGENCIES

Despite the many longstanding issues at PHAs and in affordable housing more broadly, the Trump Administration is making substantial progress in increasing PHA accountability and improving the quality of housing available to residents. The Trump Administration and Secretary Turner's HUD have been aggressive in going after failing or troubled PHAs to improve their operations and physical conditions.

A. NSPIRE Inspections

During the first Trump Administration, HUD initiated its pilot program for the new NSPIRE inspection protocol, issuing a proposed rule to apply this system nationwide in January

[659] *Id.*
[660] *Id.*
[661] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee); *see also* HUD Quality Assurance Division Report (on file with the Committee).
[662] Meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).
[663] *Id.*
[664] *Id.*
[665] *Id.*
[666] HUD Quality Assurance Division Report (on file with the Committee); *see also* 2019 HUD OIG Report (on file with the Committee); meetings with Committee Majority staff (Feb. 27-28, 2026) (notes on file with the Committee).
[667] HUD Quality Assurance Division Report (on file with the Committee).

2021.[668] As discussed throughout this report, the recent shift to the NSPIRE standard for inspections is a massive sea change for affordable housing. The shift from the UPCS and HQS inspection protocols to the NSPIRE system realigns priorities in affordable housing away from a preoccupation with aesthetics and towards prioritizing the needs and safety of residents in affordable housing.

Despite a troubled implementation period during the Biden Administration which involved several delays to the rollout of this protocol, the second Trump Administration took assertive action to get the NSPIRE protocol back on track.[669] As part of this process, the Trump Administration engaged in a massive retraining effort for HUD inspectors, issued additional guidance on implementing NSPIRE, and further developed its online systems for cataloging inspection results.[670] Under President Trump's leadership, HUD also reorganized how inspectors are allocated for inspections, increasing efficiency and lowering costs.[671] After this large-scale effort to increase the knowledge base of inspectors, the Trump Administration set the final implementation date for NSPIRE across all HUD programs to February 1, 2027.[672]

According to PHAs with which Committee Majority staff met, inspections have become progressively more consistent under the Trump Administration. Further, in 2025, HUD conducted 25 percent more inspections than 2024.[673] Moreover, the Trump Administration has implemented policies, procedures, and technologies to resolve a backlog in inspections and improve its data systems for both PIC and NSPIRE.[674] Coupled with regulatory actions and a reprioritization of PHA accountability, the quality and safety standards of Section 9 housing have improved substantially.

B. PHA Accountability

The Trump Administration and HUD have made PHA accountability a major focus and have vigorously used the authorities available to them to demand performance from PHAs. For example, HUD placed the Manhattan Housing Authority (KS) under federal monitorship in February of 2026 in response to its failure to comply with its federally mandated recovery plan.[675] With a monitorship, HUD appoints monitors to conduct oversight over the PHA's

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[668] 86 Fed. Reg. 2582 (2021) (Proposed Rule).
[669] House Financial Service Committee RFI: PHA Oversight (on file with the Committee).
[670] *Id.*
[671] *Id.*
[672] Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE); Extension of NSPIRE Compliance Date for Housing Choice Voucher, Project-Based Voucher, and Section 8 Moderate Rehabilitation Programs, 90 Fed. Reg. 46911 (2025).
[673] *Building a Solid Foundation: Restoring Trust and Transparency in Public Housing Agencies: Hearing Before the H. Comm. on Fin. Servs.*, 119th Cong. (2026) (statement of Rep. Meuser, Chairman, H. Comm. on Fin. Servs. Subcomm. on Oversight & Investigations); *see also* House Financial Service Committee RFI: PHA Oversight (on file with the Committee).
[674] INSPECTOR GEN., U.S. DEP'T OF HOUS. & URBAN DEV., 2026-CH-0003, HUD DID NOT EFFECTIVELY IMPLEMENT THE REQUIREMENTS FOR THE TIMING OF INSPECTIONS UNDER NSPIRE 9 (2026).
[675] News Release, U.S. Dep't of Hous. & Urban Dev., HUD Places Manhattan Housing Authority Under Federal Monitorship Following Substantial Default Declaration (Feb. 10, 2026), https://www.hud.gov/news/hud-no-26-010.

procurement activities, financial management, and program administration to ensure compliance with all necessary steps to rehabilitate the program.[676]

Additionally, in May of 2026, HUD officials took control over the Little Rock Housing Authority for its failure to comply with requirements of their recovery agreement.[677] HUD officials will remain in full control over the housing authority's programs, operations, and assets until the housing authority is capable of operating within federal standards independently.[678] Similarly, HUD officials took over the Atlantic City Housing Authority in July 2025 due to its failure to meet standards for tenant's living situations, including allowing mold growth and pest infestation to persist.[679]

These examples stem from the broader goal of increasing accountability for PHAs. Deputy Secretary of HUD, Andrew Hughes, stated, "HUD is restoring accountability to Public Housing Authorities nationwide … Gone are the days where mismanagement, waste, and dysfunction are acceptable."[680] This statement and recent actions by the Trump Administration reflect their stated goal of restoring efficacy and accountability to PHAs. Rather than allowing troubled PHAs to continue operating at an unacceptable standard, the Trump Administration has moved quickly to improve the lives of those living in Section 9 housing, while also keeping the federally funded programs accountable to the taxpayer.

C. Proposed Rules and Regulatory Reform

President Trump and Secretary Turner have also implemented several regulations and proposed several new rules to help improve affordable housing programs and empower PHAs. One proposed rule would allow PHAs to implement work requirements and time limits for non-elderly, non-disabled, work-capable adults in Section 8 or Section 9 housing.[681] Within this new rule, PHAs will have the power and flexibility to decide who the new programs apply to, set work requirements of up to 40 hours per week, and set time limits on access to HUD-assisted housing of two years or more.[682] PHAs that opt to have these requirements would also have to aid tenants in satisfying their requirements.[683] The purpose of this new rule is to decrease the amount of time that work-capable individuals are dependent on Section 8 or Section 9 housing, and in turn increase their independent flourishing.[684] Currently, certain high-performing PHAs that have been granted flexible Moving to Work (MTW) status and allowed to design bespoke housing assistance models have enacted versions of such policies. For example, at the Housing Authority of Champaign County (HACC) (IL), where these policies have been in place since

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[676] *Id.*
[677] Donna Kimura, *HUD Takes Control of Little Rock Housing Authority*, AFFORDABLE HOUS. FIN. (May 14, 2026), https://www.housingfinance.com/news/hud-takes-control-little-rock-housing-authority.
[678] *Id.*
[679] News Release, U.S. Dep't of Hous. & Urban Dev., Secretary Turner Takes Action to Hold the Atlantic City Housing Authority Accountable After Years of Mismanagement (Jul. 25, 2026), https://www.hud.gov/news/hud-no-25-110.
[680] *Id.*
[681] News Release, U.S. Dep't of Hous. & Urban Dev., Secretary Scott Turner Moves to Restore Self-Sufficiency and Dignity to Those Living in Public Housing (Feb. 27, 2026), https://www.hud.gov/news/hud-no-26-018.
[682] *Id.*
[683] *Id.*
[684] *Id.*

2010, average household income has risen by 96% and 76 households have successfully transitioned into independent living.[685] Building on these efforts, Congress provided HUD the authority to increase the number of MTW PHAs in the *21st Century ROAD to Housing Act* from 139 to 164.[686]

The Trump Administration has also taken significant steps to cut burdensome red tape. One of the ways this was done was through eliminating the Affirmatively Furthering Fair Housing (AFFH) rule.[687] The AFFH rule required recipients of federal housing funds to demonstrate that they are "affirmatively furthering fair housing" with their local housing plans, which in practice resulted in increased zoning certification processes, large amounts of paperwork, depleted budgets, and the functional equivalent to a zoning tax.[688] Without the AFFH rule, decisions on zoning and home building can be streamlined and left up to the local leaders who know what is best for their community. This will result in increased access to affordable housing and less dependency on Section 9 housing, allowing PHAs to focus on those most in need.[689]

Additionally, multiple Trump Administration policies are providing relief to PHAs. For example, Opportunity Zones extended through the *Working Families Tax Cuts* have increased housing by 300,000 new residential addresses.[690] Also, HUD launched a national public housing crime hotline, making it easier for those in federally supported housing to report crime; implemented more strenuous background checks for potential residents; and eliminated guidance allowing criminals to live in Section 9 housing—all of which, together, significantly increase the safety of PHAs.[691] Building on HUD's efforts to increase transparency and safety at PHAs, the *21st Century ROAD to Housing Act* included a requirement that PHAs in receivership be subject to more rigorous review by Congress and HUD OIG, including requiring annual notice and reporting requirements for PHAs in receivership.[692]

CONCLUSION

PHAs and HUD face numerous challenges in administering public and affordable housing programs. While the structure of the Section 9 program has inherent, unmitigable flaws and the Section 8 program should be adjusted to operate more effectively, PHAs can currently succeed by cultivating effective leadership and sticking to best practices which will ensure quality housing and long-term financial sustainability. From enhanced oversight of operations and staff and more frequent self-inspections to broader technological integration and improved document retention, PHAs can quickly improve their operations and improve the physical

[685] *Id.*
[686] 21st Century ROAD to Housing Act, Pub. L. No. 119-101 (2026).
[687] News Release, U.S. Dep't of Hous. & Urban Dev., Secretary Scott Turner Cuts Red Tape by Terminating AFFH Rule (Feb. 26, 2025), https://www.hud.gov/news/hud-no-25-034.
[688] *Id.*
[689] *Id.*
[690] *HUD Accomplishments for 2026 State of the Union*, U.S. DEP'T OF HOUS. & URBAN DEV., https://www.hud.gov/HUD-Accomplishments-2026 (last visited Sep. 21, 2026).
[691] *Id.*
[692] 21st Century ROAD to Housing Act, Pub. L. No. 119-101 (2026).

condition of their properties. It is vital that PHAs make these improvements and that HUD vigorously oversees PHAs to ensure such progress is occurring.

When PHAs and HUD fail, the individuals that suffer most are the residents of public and federally assisted housing, who are frequently among the most vulnerable Americans. Every needlessly unoccupied unit is one less available unit for Americans in need. Every bit of mold, lead, or asbestos, and every infestation of pests or vermin contributes to the declining physical and emotional health of residents in Section 8 and Section 9 housing. PHAs that are struggling to fulfill their mission to provide decent, safe, and sanitary housing must take direct and corrective action immediately.