



## National Association of Housing and Redevelopment Officials

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### Written Testimony of the National Association of Housing and Redevelopment Officials Eric Oberdorfer, Director of Policy and Legislative Affairs

#### U.S. House of Representatives, Committee on Financial Services, Subcommittee on Oversight and Investigation Hearing Titled: “Building a Solid Foundation: Restoring Trust and Transparency in Public Housing Agencies”

February 10, 2026

The National Association of Housing and Redevelopment Officials (NAHRO), established in 1933, is a membership organization of approximately 26,000 housing and community development providers and professionals throughout the United States. The association’s members create and manage affordable housing for low- and middle-income families and support vibrant communities that enhance the quality of life for all. Our members provide millions of homes to millions of people across the country.

NAHRO’s core mission is to advance the creation of strong and affordable communities through advocacy, professional development, and empowerment of our numerous members. NAHRO does this by advocating for additional resources and common-sense solutions to existing housing and community development programs. Ensuring that families across this country have access to safe, secure homes is the top priority for NAHRO and its members. We envision a future of thriving communities with affordable homes for all.

#### Public Housing Agencies Help Address the Affordable Housing Crisis

The federal rental assistance programs administered by Public Housing Agencies (PHAs) are the backbone of the nation’s affordable housing safety net, helping millions of low-income families, seniors, children, veterans, and people with disabilities to afford stable housing. Across programs, residents typically contribute about 30% of their income toward rent, with federal subsidies covering the remainder. These programs are key to preventing homelessness, reducing housing instability, and increasing economic outcomes for families.

The largest program is the Housing Choice Voucher (HCV) program, which serves approximately 2.3 million households.<sup>1</sup> Vouchers allow families to rent homes in the private market, with PHAs

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<sup>1</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD).

<https://www.huduser.gov/portal/datasets/assthsg.html>.

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paying subsidies directly to landlords. The HCV program is an excellent example of a public/private partnership. Most participants are extremely low-income, with average annual household incomes below \$20,000.<sup>2</sup> Families with children, seniors, and individuals with disabilities make up a significant share of households. PHAs administer both tenant-based vouchers and Project-Based Vouchers, which attach assistance to specific units to expand housing supply and support special populations.

Despite rising rents and costs, PHAs consistently maximize the use of available funds and maintain high levels of program utilization. A key performance metric for this is voucher utilization, which can mean either budget utilization or unit utilization. Budget utilization is the amount of money spent within a year divided by the amount of money received through appropriations in a year. Unit utilization is the number of vouchers leased compared to the number of vouchers authorized for use by that PHA. In 2024, budget utilization was 105.6%, and unit utilization was 86.4%, reflecting both efficient use of funds and challenges in unit cost and availability.<sup>3</sup> However, the fact that budget utilization far outpaces unit utilization demonstrates rental costs on the ground are surpassing what the Department of Housing and Urban Development (HUD) estimates units should cost. The average cost per voucher rose from \$648 in 2015 to \$1,087 in 2024, a 68% increase.<sup>4</sup>

*Year over year increases in PUC, 2015-2024*

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$648.42	\$671.41	\$701.07	\$727.38	\$757.06	\$803.35	\$829.14	\$883.72	\$975.19	\$1,086.76

The Project-Based Rental Assistance (PBRA) program provides long-term subsidies tied to specific properties and houses more than 2 million individuals nationwide.<sup>5</sup> The average annual household income reported by PBRA residents is \$15,955.<sup>6</sup> These homes primarily serve seniors, people with disabilities, and working families with children that have very low incomes. While HUD contracts directly with property owners, many PHAs serve as contract administrators, known as PBCAs, who provide oversight, monitor compliance, and verify quality housing standards. Some PHAs also have PBRA properties in their portfolios through affiliated entities after converting former public housing

<sup>2</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsg.html>.

<sup>3</sup> Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/dashboard](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard).

<sup>4</sup> Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/dashboard](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard).

<sup>5</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsg.html>.

<sup>6</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsg.html>.

properties through the Rental Assistance Demonstration. The high occupancy rates of PBRA units demonstrate ongoing demand and the program's importance for housing stability.<sup>7</sup>

The Public Housing program, established in 1937, provides deeply affordable homes owned and operated by PHAs. More than 1.5 million people live in public housing today. Residents are largely working families or households with fixed incomes and are not welfare dependent.<sup>8</sup> The average household income reported by public housing residents is \$17,770.<sup>9</sup> Public housing remains critical amid rising rents and a shrinking supply of affordable units, though it faces significant capital and operating funding gaps. Even so, PHAs continue to maintain and improve properties to provide safe, decent housing.

### **PHAs Are Accountable to Their Local Communities**

PHAs are uniquely equipped to operate federal rental assistance programs. Created under state law and governed by local boards that include community leaders and residents, PHAs are locally accountable and responsive. They understand neighborhood housing markets, landlord relationships, development barriers, and resident needs in ways that centralized systems cannot. This local knowledge allows PHAs to stretch limited federal dollars, target assistance strategically, and adapt quickly to changing conditions.

Because they are located in the communities they serve, PHAs can combine federal resources with local partnerships to deliver housing assistance efficiently and responsibly. Their track record of managing billions in public funds while serving more than 9 million people nationwide demonstrates that locally governed PHAs are effective stewards of federal rental assistance and essential partners in solving the affordable housing crisis.

Further, NAHRO strongly encourages all PHA professionals to complete ethics training to navigate the complex ethical challenges of their work. As stewards of public funds, NAHRO believes PHAs should uphold the highest ethical standards to maintain public trust, ensure responsible use of resources, and operate efficiently. NAHRO requires its own leadership to complete ethics training and provides free ethics training to all its members.

### **Thoughtful, Right-Sized Regulatory Oversight Promotes Trust and Transparency**

Beyond local accountability and internal governance, HUD holds PHAs accountable through two standardized, data-driven oversight systems that measure performance, safeguard taxpayer dollars, and ensure families receive quality housing assistance.

For public housing, HUD uses the Public Housing Assessment System (PHAS). PHAS evaluates agencies across four core areas: the physical condition of properties through independent

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<sup>7</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsg.html>.

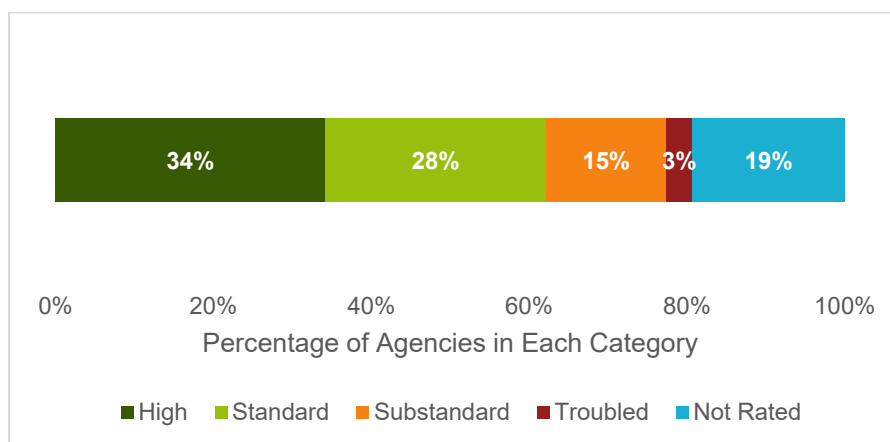
<sup>8</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsg.html>.

<sup>9</sup> Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsg.html>.

inspections, financial health, day-to-day management, and proper use of capital funds. These measures are based on objective, independent audits, third-party inspections, verified reporting, and are combined into a single performance score. Agencies are then designated as high performer, standard performer, substandard performer,<sup>10</sup> or troubled. High performers receive regulatory flexibility and incentives, while lower-scoring agencies receive additional oversight, technical assistance, and, if necessary, corrective action plans. Troubled agencies are given defined timelines to improve.

PHAS data shows that most PHAs are strong stewards of federal resources. According to HUD's data, 62 percent of agencies are rated high or standard performers, with only 3 percent classified as troubled.<sup>11</sup> This demonstrates that the vast majority of PHAs operate public housing effectively and responsibly, even under tight funding constraints.

*PHAS Designations Through 2022*



For the Housing Choice Voucher program, HUD applies a similar accountability framework through the Section Eight Management Assessment Program (SEMAP). SEMAP measures whether agencies accurately determine eligibility and rents, conduct timely inspections and reexaminations, verify income, manage payments correctly, and fully utilize vouchers. Like PHAS, it relies on standardized indicators and clear scoring to promote transparency and reduce errors or improper payments. According to HUD, in 2023, 94 percent of agencies were rated high or standard performers, and only 6 percent were troubled.<sup>12</sup>

Together, PHAS and SEMAP provide consistent, objective oversight that increases transparency, deters waste and fraud, and ensures federal housing funds are well managed. Most importantly, these systems demonstrate that PHAs are delivering results and remain the most capable local partners to administer federal rental assistance programs.

<sup>10</sup> Substandard means that an agency received a substandard score in one of the four metrics, not necessarily all of them.

<sup>11</sup> Public Housing Assessment System (NASS-PHAS) (2023). U.S. Department of Housing and Urban Development. <https://www.hud.gov/reac/nass-phas>.

<sup>12</sup> Information Provided by U.S. Department of Housing and Urban Development via email. 5/23/24.

## **Federal Rental Assistance Program Oversight Is Effective**

HUD data show that federal rental assistance programs operate with high degrees of accuracy and accountability. In fact, most reported issues related to payment errors are technical or administrative findings and minor when compared to the entirety of the program.

HUD's Fiscal Year 2025 Agency Financial Report identified approximately \$1.5 billion in improper payments out of \$33.9 billion total payments in the Tenant-Based Rental Assistance (TBRA) account.<sup>13</sup> However, nearly three-quarters of those improper payments (\$1.1 billion) stemmed from inactive SAM.gov registrations. In these cases, assistance was properly paid to eligible families, but the agency's vendor registration needed reactivation. This is a paperwork compliance issue that is easily corrected and does not reflect fraud or ineligible assistance.

When this technical category is removed, the program's improper payment rate drops from five percent to roughly one percent.<sup>14</sup> While any error should be addressed, an effective rate near one percent in a nationwide program serving millions of households reflects strong financial stewardship.

The remaining findings primarily involved reconciliation timing, data matching, or documentation issues, such as ledger adjustments, Social Security number discrepancies, deceased tenant records, or payments that exceeded preset thresholds. These are compliance matters that PHA processes and HUD's oversight systems are designed to flag and correct. They demonstrate successful program monitoring, not systemic abuse.

## **Eligibility Safeguards in Federal Rental Assistance**

Federal rental assistance programs already include strict eligibility verification rules to ensure that only qualified individuals receive assistance. These safeguards have been in place for decades and work effectively.

PHAs are responsible for verifying household eligibility and calculating rents for families receiving federal rental assistance. Generally, at least once a year, PHAs conduct an income recertification, collecting documentation such as pay stubs or benefit statements and verifying the information through HUD systems and third-party sources.<sup>15</sup> Based on this review, the PHA recalculates the family's rent and the federal subsidy to ensure assistance is accurate and compliant with program rules.

PHAs also process interim updates when a family's income or household size changes, allowing rents to adjust quickly when someone loses a job or gains new income. PHAs work directly with

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<sup>13</sup> HUD uses the terms Tenant-Based Rental Assistance (TBRA) account and Housing Choice Voucher program interchangeably.

<sup>14</sup> Fiscal Year 2025 Agency Financial Report. U.S. Department of Housing and Urban Development.

<https://www.hud.gov/sites/dfiles/CFO/documents/afr2025.pdf>.

<sup>15</sup> PHAs may perform a streamlined income reexamination in the second and third year after a full reexamination in scenarios when the family has over ninety percent of its income as fixed income. Certain Moving to Work agencies may have custom reexamination policies as part of that program.

residents and have access to HUD verification tools to manage this ongoing oversight and keep assistance targeted to those who qualify.

In mixed-status households,<sup>16</sup> only eligible family members receive assistance. Subsidies are prorated so that federal funds support only citizens and eligible immigrants. Ineligible noncitizens do not receive federal housing benefits. This long-standing policy both protects taxpayer resources and preserves accountability while avoiding unnecessary family disruption and administrative burden.

PHAs also conduct robust eligibility checks through HUD's Enterprise Income Verification (EIV) system and Systematic Alien Verification for Entitlements (SAVE) database, which confirms immigration status for individuals claiming eligible noncitizen status. These systems provide multiple layers of review and required documentation to ensure that assistance is properly targeted.

New SAVE reporting requirements from HUD seek to reconcile data discrepancies, which PHAs support in principle. However, extremely short implementation timelines from HUD and repeated documentation requests to residents may create administrative burdens without meaningfully improving accuracy. In addition, SAVE data can sometimes contain errors or outdated information, potentially flagging U.S. citizens or seniors who are not required to provide further documentation.

Effective oversight should balance accuracy with practicality, ensuring compliance while avoiding unnecessary disruption for eligible families or excessive administrative costs for agencies.

### **PHAs Undergo Rigorous Annual Auditing**

Beyond these program-specific controls, PHAs are subject to comprehensive, independent annual audits that review financial statements, internal controls, and compliance with HUD and federal requirements. These audits are designed to ensure funds are properly tracked, eligible activities are supported, and risks of waste, fraud, and abuse are minimized.

The goal is a "clean" audit, meaning no material findings or significant deficiencies. This is the same standard used in the private sector to demonstrate responsible financial management. These third-party reviews provide objective evidence that PHAs are safeguarding taxpayer dollars and administering housing assistance with care and integrity.

Taken together, these safeguards – payment monitoring, eligibility verification, performance systems, and independent audits – demonstrate that federal rental assistance programs are subject to substantial oversight and are predominantly managed responsibility.

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<sup>16</sup> Currently, families that have mixed-immigration-statuses receive prorated subsidies such that no federal funding is being used to help those who are not citizens or eligible immigrants (See 24 C.F.R. §§ 5.500-5.528). Mixed-immigration status households have the option of not contending the immigration status for certain family members. Families then receive a prorated subsidy (or in the case of some covered programs--e.g., public housing--pay proportionally higher rents).

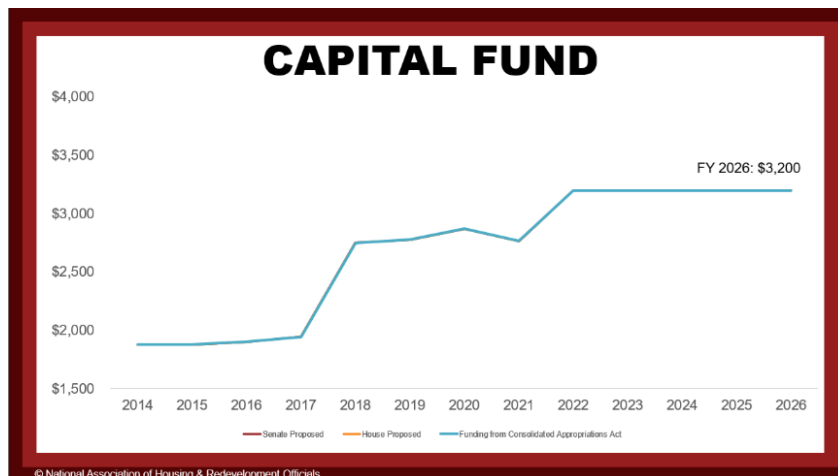
## Underfunding Hurts PHAs' Ability to House People

PHAs are asked to administer complex and highly regulated programs, safeguard taxpayer dollars, and prevent waste, fraud, and abuse, all while operating against a backdrop of chronic underinvestment.

While funding alone will not solve the affordable housing crisis, responsible and adequate federal investment is essential to give local communities the tools they need to meet growing demand. Years of insufficient funding, combined with rising rents, tight rental markets, escalating insurance and operating costs, and federal inflation adjustments that often lag behind real-world expenses, have put increasing pressure on housing agencies. These dynamics drive up both the cost of assistance and the number of families who need it. Despite these challenges, PHAs continue to keep communities housed.

The effects of underfunding are especially visible in public housing. Chronic capital underinvestment has produced a significant backlog of repairs and modernization needs that threatens the long-term preservation of affordable units. Yet agencies continue to operate and maintain these properties, meet federal performance standards, and protect housing for current and future residents, often with far fewer resources than the programs were designed to receive.

### *Funding for the Public Housing Capital Fund Has Remained Level Since 2022*



At the same time, core operating and administrative accounts are routinely prorated below full funding levels. The Public Housing Operating Fund supports day-to-day property management, maintenance, and resident services, while Section 8 Administrative Fees pay for the staff who determine eligibility, verify income, conduct inspections, process payments, and ensure compliance with federal rules. When these accounts are underfunded, agencies must carry out the same workload with fewer staff and fewer resources than the federal government itself has determined are necessary.

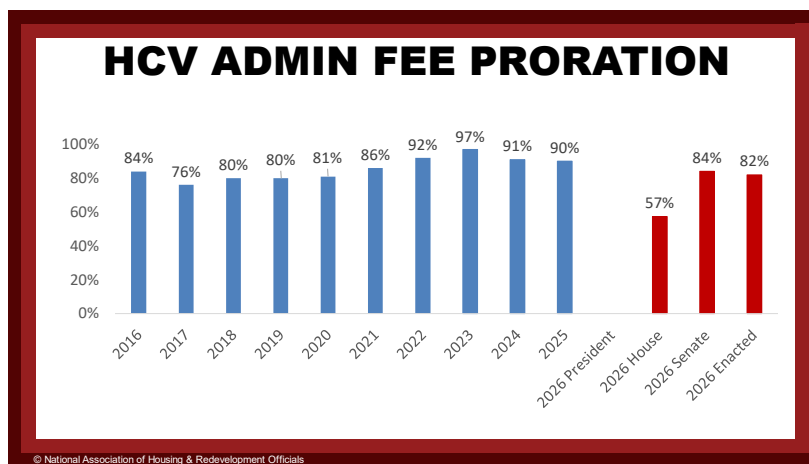
This staffing strain has real consequences. Experienced employees are difficult to recruit and retain, even though the work requires detailed financial reviews, complex regulatory compliance,

and careful oversight. Under-resourced agencies may be forced to focus only on basic compliance functions, leaving less capacity for proactive services such as landlord recruitment and housing search assistance. Said plainly, years of underfunding force agencies to manage complex responsibilities with limited staff and insufficient resources, making the job harder and posing more administrative risk.

The Housing Choice Voucher program illustrates these pressures clearly. As rents have increased nationwide, Housing Assistance Payments to landlords have risen, driving up program costs. Over the past decade, the national average per-unit cost has grown by roughly 68 percent, yet federal renewal funding factors have not consistently kept pace with these market realities.<sup>17</sup> When funding falls short, agencies are forced into difficult tradeoffs – issuing fewer vouchers, limiting moves, lowering payment standards, or, in extreme cases, reducing assistance to families. These difficult decisions are the direct result of funding constraints for existing vouchers, not due to an increase in new vouchers.

Administrative fees are similarly stretched. These funds support essential functions such as eligibility determinations, inspections, payments, recordkeeping, and compliance, as well as housing search assistance, landlord engagement, and help with deposits and application costs that allow families to successfully lease units. When administrative funding is inadequate, agencies have less capacity to support families and landlords and fewer staff to conduct program oversight. Adequate funding would strengthen oversight, improve accuracy, and reduce improper payments by allowing PHAs to hire and retain experienced personnel.

*HCV Admin Fee Proration Since 2016*<sup>18</sup>



<sup>17</sup> Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/dashboard](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard).

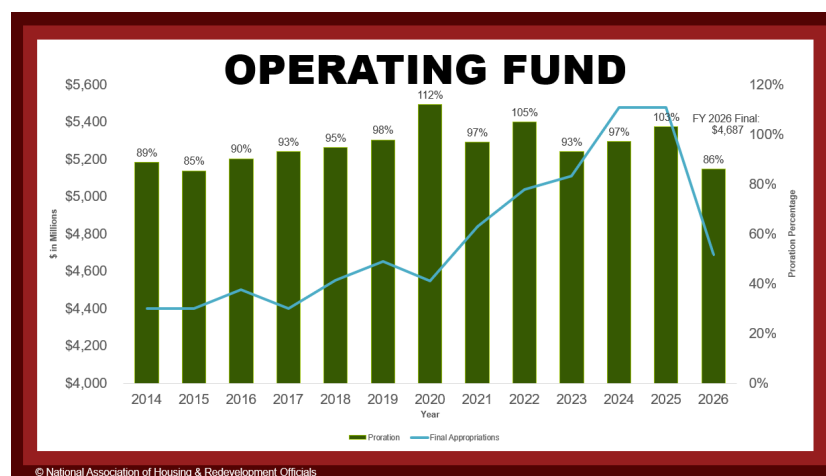
<sup>18</sup> Proration is the percentage of funding that public housing agencies (PHAs) receive compared to the full amount that HUD's formula, established through negotiated rulemaking, determines is needed to fully fund programs. In other words, it reflects the gap between calculated need and the amount Congress appropriates. For example, an 85% proration means PHAs receive only 85 cents for every dollar HUD has determined is necessary to operate the program account.



The Public Housing Operating Fund plays the same critical role on the property management side, supporting maintenance staff, property managers, utilities, security, and day-to-day repairs that keep housing safe and habitable. Insufficient operating funds force agencies to defer work or stretch already limited staff even further.

And yet, even under these constraints, PHAs continue to deliver. They meet performance standards, pass audits, maintain properties, and administer assistance to millions of families with a high degree of accuracy and accountability. Time and again, locally governed agencies demonstrate that they are effective stewards of federal housing resources, doing more with less to serve their communities.

*Public Housing Operating Fund Proration and Funding Levels since 2014*



With adequate and predictable funding, PHAs could preserve more housing, expand access to assistance, strengthen oversight, and serve families even more effectively. Although PHAs are succeeding despite years of underinvestment, PHAs could see even more success with full funding coupled with appropriate oversight.

### **PHAs Need a Fully Resourced HUD**

Adequate support for HUD staff is also essential to the success, integrity, and transparency of federal rental assistance programs. PHAs work daily in communities nationwide to comply with federal requirements, protect taxpayer resources, and provide quality housing, but they rely on a strong, well-resourced partnership with HUD to do so effectively.

As regulator and oversight partner, HUD provides guidance, conducts assessments, offers technical assistance, and helps agencies identify and address issues early. These functions ensure consistent oversight, strengthen governance, and promote transparency and public trust. Recent HUD staffing reductions, reportedly a 26 percent decline over the past year, threaten this partnership. This leads to longer review times, delays in approvals and audits, and reduced capacity for technical support.

PHAs and the nine million residents they serve depend on HUD not just for oversight, but as a resource and collaborator. Maintaining adequate HUD staffing is fundamental to accountability, preventing waste, fraud, and abuse, and sustaining public and Congressional trust. Appropriate federal capacity can enable stronger local performance, making HUD a vital partner in delivering effective, responsible rental assistance nationwide.

## **Conclusion and Recommendations**

The federal rental assistance programs administered by PHAs are essential to the nation's affordable housing system. They provide stable, affordable housing to millions of low-income families, children, veterans, seniors, and people with disabilities, while reducing homelessness and housing instability. PHAs are uniquely positioned to operate these programs due to their local accountability, deep knowledge of regional and neighborhood housing markets, and close relationships with residents and landlords. Despite rising costs, chronic underfunding, and administrative pressures, PHAs consistently demonstrate strong financial stewardship, high program utilization, and compliance with HUD oversight systems. Independent audits, PHAS and SEMAP performance metrics, and rigorous eligibility verification confirm that PHAs manage resources responsibly and transparently.

At the same time, ongoing challenges, such as underfunded administrative, operating, and capital accounts, increasing rents, and reduced HUD staffing threaten program delivery, property maintenance, and oversight capacity. Adequate and predictable federal funding is essential to preserve existing housing, expand access to rental assistance, and make sure that PHAs have the staff and resources needed to maintain high performance. Strengthening HUD's capacity is also critical, both to sustain oversight and to serve as a supportive partner for local agencies.

Effective oversight should continue to balance accuracy with practicality, using existing systems like PHAS, SEMAP, and EIV to detect and prevent errors while minimizing unnecessary burdens on families and agencies. PHAs should be supported in their role as local experts who can target assistance strategically and expand housing supply and access. By combining strong local administration at the PHA level with sustained federal investment and federal-local partnerships with HUD, these programs can continue to deliver stable, affordable housing responsibly and efficiently, addressing the nation's affordable housing challenges now and into the future.