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THE ROLE OF PRIVATE INITIATIVES IN OVERCOMING HOMELESSNESS: COOPERATION WITH SECTION 8 AND LOCAL HOUSING AUTHORITIES IN THE USA

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Abstract. *The paper analyzes the mechanism for supporting low-income households in the United States within the framework of the Section 8 Housing choice voucher program of the Department of Housing and Urban Development. The indicators of federal funding of the program and the funding model are estimated, according to which 70-100% of the costs of renting housing for people / households with low incomes who spend half of the budget on housing are covered by the Department of Housing and Urban Development. The existing advantages and disadvantages of the mechanism for covering rental costs for different users are systematized. It was found that 44% of people or 48% of low-income households who spend 50% of their income on housing are participants in the Section 8 Housing choice voucher program. In total, in 2024, the federal program covered 21300.3 million housing rental costs. The features of providing program participants in different states of the United States are considered.*

Keywords: *Section 8, local housing authorities, affordable housing, private initiatives.*

Introduction.

Homelessness in the United States remains a major socio - economic challenge for local governments. According to the Department of Housing and Urban Development, the number of homeless people in 2024 was the highest on record: a total of 771,500 people were classified as homeless, having spent at least one night in a shelter, safe haven, other unprotected accommodation, or in a transitional housing program (23 per 10,000 U.S. population). Between 2007 and 2024, the number of people consistently classified as homeless increased by 27.4% [13]. The worsening national housing affordability crisis, rising prices, and stagnant wages among low- and middle-income households, as well as systemic racism, have strained local government services for the homeless. [13] The slow growth of wages relative to housing rents has weighed on households' financial burdens, reducing their ability to support themselves. Between 2001 and 2020, median rents have increased by 5% overall, while median incomes have declined by 7%. [5] Additional factors that have worsened the situation



include increased immigration, natural disasters, public health crises, and the suspension of homelessness prevention programs. [13] For example, the Housing Authority of Los Angeles (HACLA) has cut federal funding for the Section 8 rental assistance program in 2025 due to fiscal risks, while also announcing a halt to housing applications for 3,300 families. [12] The consequences of the suspension of programs have had negative effects: increased housing instability; the impact not only on low-income households, but also on the rental housing market and the affordability of housing for families with incomes below the median level; loss of income for landlords due to reduced rental payments to private property owners and developers. Given the existing problems of affordability of rental housing in various states of the USA, a significant financial burden on tenants of housing with different income levels [11], the issue of the role of private initiatives and federal programs in solving the problem of homelessness is particularly relevant.

Results. Over the past ten years (2008-2018), federal agencies, charitable non-profit organizations have worked to develop and implement programs to overcome this problem, which has provided positive socio - economic effects [2] [4] [9]. The estimated annual economic cost in the United States is \$ 3.4 billion [4] (as of 2022). However, despite existing federal programs, which include the fairly effective Housing First program to provide housing to support the homeless, Section 8 Housing choice voucher [7], and Supportive Housing, the problem of homelessness remains relevant.

Section 8 Housing Choice Voucher Program of the Department of Housing and Urban Development (HUD) is the largest federal housing assistance program in the United States, providing financial assistance to approximately 5 million households nationwide. The program was first legislated by the Housing and Community Development Act of 1974, funded through state subsidies, which were replaced by direct funding in the form of vouchers in 1983. [8; 3]. Despite a number of advantages of the program, such as direct reimbursement of rental costs for landlords, timely compensation, priority of participation in the program depending on income, the possibility of choosing the type of property by the tenant, and the participation of investors - developers, there are a number of disadvantages. The main ones include



bureaucratic obstacles and procedures, delays in rental payments due to errors in documents, and high risks of renting housing for low-income people (Table 1).

Table 1 – Advantages and Disadvantages of the Federal Subsidized Housing Program Section 8 Housing Choice Voucher of the Department of Housing and Urban Development

Advantages	Disadvantages
Direct reimbursement of housing costs to low-income tenants from local public housing agencies	Bureaucratic procedures when applying for affordable housing programs, lengthy property inspection procedures (for quality, safety)
Timeliness of receiving compensation for rented housing from the Department of Housing and Communal Services and Urban Development in the amount of 70% - 100% of the rent, taking into account the increase in rental prices (5% - 8% annually)	Delays in rent payments from the Department of Housing, Communal Services and Urban Development in case of errors in documents
Priority in reimbursement of housing rental costs depending on income level	Program participants (tenants) are a fairly high-risk category of tenants for cooperation with investors
Targeting low-income people, the elderly, and people with disabilities	Limiting the amount of rent, which is based on fair market rent for the area where the property is located
Tenant's choice of housing	Significantly lower rent for real estate compared to market rent
The possibility of investors in multi-apartment real estate participating in the affordable housing program and accessing tenants and directly receiving income from renting out apartments	Lack of security deposits for renting housing, complicated eviction procedures for unscrupulous tenants

Author's development



Section 8 Housing Choice Voucher (HCV) Program [7] provides for the provision of Housing Choice Voucher Program. The program is administered by local public housing agencies (PHAs). PHAs are responsible for the day-to-day administration of Housing Choice Voucher programs, including information collection requirements. [1] Approximately 2,000 local public housing agencies (PHAs) in the United States administer HCV programs. [3] Housing assistance programs are often combined with other tenant assistance programs that provide additional services such as case management, counseling, and other assistance to individuals to improve their overall well-being. [6]

There are two main types of financial assistance available under the program: housing choice voucher programs or voucher-based assistance, and a different support scheme called project-based vouchers or project-based assistance. Tenants receiving voucher - based assistance can choose where to live, while project-based vouchers are provided to offset the costs of specific housing. If a tenant receiving project-based assistance moves, the rental assistance will be provided to another tenant and cannot be transferred to offset the costs of another housing unit. [8]

Participants in the program may be low-income, disabled, or elderly people (US citizens or immigrants) who are offered single-family homes, apartments, or townhouses, the costs of which are covered in full or in part. People whose income is less than 80% of the median income are eligible for compensation [7].

In 2022, critical rental housing support was provided to 9.027 million people or 2,013 low-income households participating in the Project-Based Rental Assistance Program [3]. As of January 2025, 10.244 million people were participating in the affordable housing support program and 5.189 million households (Figure 1), 69% of whom were elderly people, families with children, or people with disabilities. Of the total number of tenants participating in the program, 4 out of 10 are low-income people (less than 80% of the median income), who are homeless, or pay more than half of their income for rent.

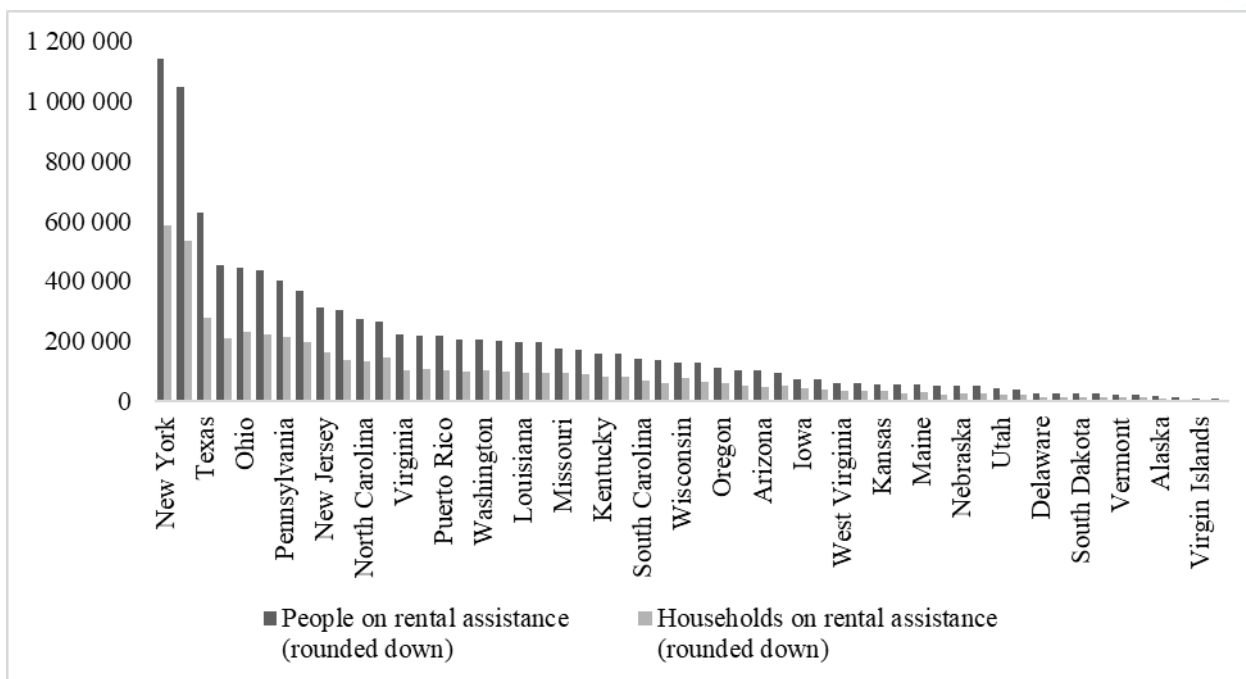


Figure 1 – Number of people and households participating in rental housing assistance programs, by state in the United States, as of January 2025, in dollars.

Source: [5]

The states with a critical mass of program participants include New York, California, Texas, and Florida (over 450,000 people), where the amount of federal funding for the program is also the highest (6 765 million dollars, 7 828 million dollars, 2 \$ 272 million, \$ 2,007 million, respectively) (Figure 2). These states have the largest number of low-income people paying more than half of their income for rent (2.064 million, 4.067 million, 1.938 million, 1.645 million, respectively), the highest growth rates in rental costs since 2001 (27%, 36%, 20%, 22%, respectively), and some of the largest numbers of project-based housing vouchers issued (97.4 thousand units, 97.3 thousand units, 53.6 thousand units of Section 8 Project-Based Housing vouchers, respectively, with the exception of Florida with 40.2 thousand units).

The highest number of program participants include Ohio, Illinois, Pennsylvania, Massachusetts, New Jersey, Georgia, North Carolina, Michigan, Virginia, Tennessee, Puerto Rico, Minnesota, Washington, Maryland (from 200,000 to 500,000 people). In these states, the amount of federal funding for the program ranges from 740 million dollars to 2 007 million dollars (average value 1,364 million dollars). These states have a fairly high number of low-income people who pay more than half of their income on



rent (ranging from 266 million people to 862 million people), high rates of growth in rental costs since 2001 (average value 15% for the entire sample), and some of the largest numbers of project-based vouchers issued (average 49,700 units of Section 8 Project-Based Housing vouchers, respectively).

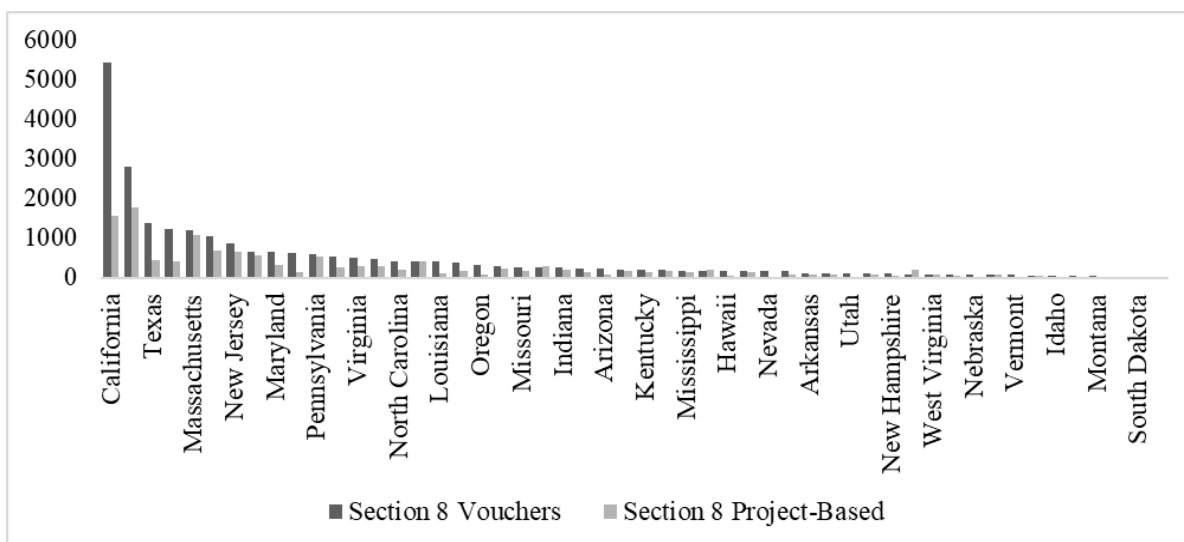


Figure 2 – Amount of federal funding for the housing support program for individuals and households participating in the program, by state in the United States, as of 2024, million dollars.

Source: [5]

In other states, the number of program participants is less than 200,000 people. In these states, the amount of federal funding for the program ranges from \$ 41 million to \$ 733 million (average \$ 302 million). These states have a slightly lower number of low-income people who pay more than half of their income for housing rent (ranging from 30.3 million to 470.5 million people), high rates of growth in rental costs since 2001 (average 15 % for the entire sample), and a slightly lower number of project-based vouchers issued (average 12.07 thousand Section 8 Project-Based Housing vouchers, respectively).

In total, in the United States, the total federal funding for the Section 8 program was 48.488 billion. USD in 2024. At the same time, the average rent was 1,100 USD in 2024, ranging from 730 USD to 1,650 USD in different states. The number of vouchers under the program was 2.276 million. units, of which approximately 50 % or



1.210 million. units are project-based vouchers (Section 8 Project-Based Housing). Therefore, one voucher accounts for an average of 21,300.3 USD in compensation within federal funding, all federal funding programs in the states provide 44% of low-income people who spend more than 50% on housing (or 48% of households) with additional financial resources to cover the costs of renting housing. Thus, more than half of people and households that spend 50% of their budget on housing do not have access to a support program.

The median income of households participating in housing assistance programs, including households outside the affordable rental housing program, in 2022 was \$ 16,019, or 21.5% of the national median income, which is 75 percent. \$ 580. [3] As of April 1, the median household income was set at \$ 24,100 in Adjuntas Municipio, Puerto Rico, to \$ 195,000 in \$ 200 in Santa Clara County, California (Figure 3) [10].

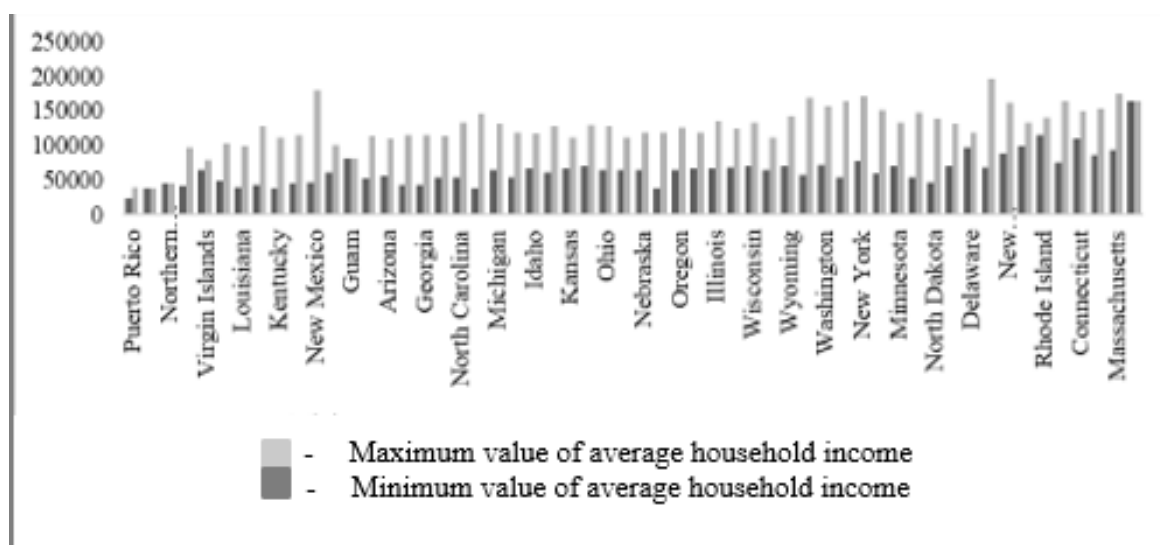


Figure 3 – Minimum and maximum established values of median household income by state in the USA, as of April 1, 2025, in dollars.

Source: [10]

So, with an average actual income of households participating in the affordable rental housing program of 16 019 dollars, they face the difficulties of a significant financial burden on the budget, and if the programs are suspended, there are significant risks of losing the opportunity to rent housing under the support program and becoming homeless [3].



The Department of Housing and Urban Development establishes income limits that determine eligibility for housing assistance programs, including the Section 8 Housing Choice Voucher program. The department also establishes estimated income limits based on estimates of median family income and fair market rent for each state, area of the individual districts, and non-metropolitan county. [10] Thus, in the Minneapolis -St. Paul-Bloomington, MN -WI HUD Metro FMR Area, which includes various counties, Minnesota, the median family income is set at \$ 132,400 as of April 1, 2025, with: the income limit for a family of four in the “critically low income” category set at \$ 39,700 (30% of median income); The income threshold for a family of four in the “very low income” category is set at \$ 66,200 (50% of the median income); the income threshold for a family of four in the “low income” category is set at \$ 104,200 (80% of the median income). These values are used to determine eligibility for Section 8 Housing choice vouchers, prioritize eligible housing, and plan affordable housing policies [10].

Annual HCV program success rates declined from 2018 to 2022 in terms of housing search by low-income families. It is worth noting that a search is considered successful if a household rents a home within one year of receiving a voucher under the program. Until 2021, the success rate was relatively stable at above 65%, while in 2022 it was estimated at 57.3%. This means that the time to find rental housing has increased (up to 78 days in 2022 compared to 59 days in 2018), and, consequently, the rental market has become more rigid. In addition, housing search success rates vary significantly depending on the local public housing agencies that administer the federally funded program and depending on the rental housing market. Local public housing agencies in rural counties tend to have lower success rates than agencies in urban counties (48% and 59%, respectively). Between 2018 and 2022, institutional performance disparities have only widened, with rural agencies underperforming. Regional rental housing success rates in 2022 were not significantly different from 2018, with the lowest scores in the Midwest and South and the highest scores in the Northeast and West. [14]

Lower success rates do not mean that local public housing agencies are



underutilizing federal resources or are underperforming. In fact, housing agencies typically spend all of their available voucher funds, given the number of vouchers they can issue, taking into account the expected proportion of recipients who will not successfully use their vouchers. However, low success rates may indicate increased administrative costs for local public housing agencies, resulting in significant negative social consequences for individual voucher recipients who are forced to return their assistance to the housing agency after years of waiting for assistance. In addition, declining success rates indicate a shortage of affordable housing at current fair market prices or reduced landlord participation in assistance programs.

Through private initiatives by nonprofits, social enterprises, and foundations, public and private resources are being combined to increase housing stability. Collaboration between local public housing agencies that administer Section 8 and the nonprofit sector promotes more efficient use of resources.

Conclusions.

In the United States, there is a trend towards a worsening of the housing affordability situation for categories of households with incomes below the average level. The crisis situation associated with the increase in the number of homeless people, the increase in the cost of rental housing and the relatively lower growth rates of wages in recent years, exacerbate the problem of housing affordability. The mechanisms for providing financial assistance within the federal program Section 8 Housing choice voucher (HCV) for low-income households are considered and indicate that vouchers allow a large number of individuals and households to reduce the financial burden on their own budget and improve well-being (approximately 50% of people and households with low incomes use vouchers). The federal budget covers from 70% to 100% of the costs of renting housing for low-income families, including the homeless. At the same time, the success rate of finding housing for the homeless has decreased to a level below average, which is associated with a shortage of affordable housing, which increases the time it takes for local public housing agencies to find it, increasing the risks of providing housing to the homeless. Disadvantages of participation in the federal program for landlords or developers of affordable housing



could also lead to a reduction in the level of its availability. Therefore, local authorities should review the existing administrative barriers and procedures within the Section 8 Housing choice voucher program to reduce administrative costs, provide guarantees for landlords to increase their level of interest in the programs, as a result of which public services will be improved.

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