



# How Federal Budget Changes Could Reshape The New York City Public Housing Authority

IBO's *Federal Changes, Local Impacts* series is a collection of short reports that examine areas of New York City's budget, economy, and operations that are particularly reliant on federal funding, subject to notable federal policy changes, or both. These reports are intended to inform public discussion by objectively highlighting how federal decisions may affect the City. IBO encourages readers to visit its [website](#) to explore additional topics covered in this series.

## Introduction

The New York City Housing Authority (NYCHA) provides affordable housing for nearly 521,000 New Yorkers through buildings it owns and operates, as well as through rental subsidy vouchers that enable low-income tenants to afford to rent units in the private market.<sup>1</sup> NYCHA carries out federal housing programs largely relying on federal funding, with smaller revenue streams from tenant rents and City and State sources.

Public housing has been chronically underfunded over decades, both for day-to-day operations and for longer-term capital improvements. Even small funding changes at the federal level can have major impacts on funding for NYCHA, given its outsized footprint among public housing authorities nationally. NYCHA's programs largely must operate within fixed federal allocations and aim to stretch resources to meet the high demand for services. Deferred maintenance has compounded structural issues in NYCHA buildings. The current estimate to bring NYCHA's apartment real estate portfolio into a state of good repair is estimated to top \$78 billion over 20 years.<sup>2</sup> (See past IBO [reporting](#) on NYCHA's chronic financial challenges.)

In addition to longstanding funding shortfalls, NYCHA now faces federal proposals to substantially reduce funding for public housing and vouchers. This report provides an overview of where and how NYCHA obtains its funding.

## NYCHA's Section 9 Traditional Public Housing

NYCHA administers several federal programs intended to provide affordable housing to low-income households. The U.S. Housing Act of 1937 authorized the creation of government-constructed Section 9 public housing, also referred to as traditional public housing. Through Section 9, NYCHA owns and operates about 157,000 apartments in 251 housing developments serving more than 312,000 residents across all five boroughs. NYCHA is by far the largest Public Housing Authority (PHA) in the United States. For context, the locations with the next largest PHAs are Puerto Rico (54,000 apartments), Chicago (20,000 apartments), and Philadelphia (13,000 apartments).<sup>3</sup> Over 300,000 New Yorkers live in NYCHA public housing. There are currently over 241,000 families on NYCHA's waitlist.

NYCHA traditional public housing serves many vulnerable populations:

- 45% of households have an adult over the age of 62
- 28% of households have a child under the age of 18
- 32% of households have at least one person with a disability

Many older adults and people with disabilities live on fixed incomes. The median household income is about \$26,000 for public housing residents, and the average rent paid by a NYCHA tenant is \$628 per month.<sup>4</sup>

## NYCHA's Section 8 Housing Vouchers

The federal Housing and Community Development Act of 1978 established the Section 8 Housing Choice Voucher program to help low-income households rent housing in the private market. Through Section 8, NYCHA administers both Project-Based and Tenant-Based Vouchers. Section 8 tenants pay a fixed percentage of their income (30% of adjusted gross income is standard) toward rent. Federal Section 8 funds flowing through NYCHA pay the remaining cost of rent, known as the Housing Assistance Payment or HAP.

NYCHA uses Section 8 Project-Based Vouchers mainly through its Permanent Affordability Commitment Together (PACT) program. Section 8 Project-Based Vouchers are vouchers that subsidize the rent for residents of specific apartments. Through the PACT program, NYCHA converts Section 9 traditional public housing units to Section 8 Project-Based Vouchers and places them under private management while maintaining ownership of the land and buildings. PACT conversions also maintain the same tenant rights and protections guaranteed under Section 9. The motivation for undertaking these conversions is to enable properties to access additional funding for repairs. Unlike Section 9 funding, Section 8 vouchers can be used to back loans to finance capital improvements. Furthermore, Section 8 vouchers historically experienced more consistent Congressional funding support than Section 9 public housing. (See IBO's [report](#) on the PACT program.)

There are nearly 39,700 residents living in 20,700 PACT apartments across 84 developments; this represents 7.6% of all NYCHA residents. With a goal to convert 62,000 apartments to PACT, Section 8 Project-Based Vouchers are expected to play a larger role in NYCHA's future.<sup>5</sup> Other Project-Based Section 8 Vouchers are tied to buildings where NYCHA has entered into a long-term agreement with a property owner.

Section 8 Tenant-Based Rental Vouchers subsidize the cost to a tenant to rent an apartment in the private market, with the tenant generally paying 30% of their income towards the rent and the voucher paying the difference to the property owner. Tenant-based vouchers are tied to the household receiving the benefit and follow the tenant if they move to a different apartment.

Through NYCHA, 169,000 tenants (81,000 households) use Tenant-Based Section 8 Vouchers to rent in the private market. (The New York City Department of Housing Preservation and Development separately administers additional Section 8 Tenant-Based Rental Vouchers for about 37,000 households in New York City.<sup>6</sup>) After NYCHA, the next largest number of Tenant-Based Section 8 Vouchers among housing authorities are Los Angeles (50,300 households) and Chicago (42,800 households).<sup>7</sup> Even at the scale NYCHA operates, over 200,000 families are on the voucher waitlist, reflecting the extremely high demand for rental assistance in New York City. The average income for NYCHA's Section 8 voucher tenants is about \$23,000 and residents pay, on average, \$576 in monthly rent.<sup>8</sup>

## NYCHA's Budget

NYCHA receives funding mainly from federal sources, supplemented by tenant rent revenue and support from New York City and State. NYCHA operates separately from City government and manages its own budget. NYCHA's fiscal year aligns with the calendar year, whereas the City's fiscal year starts on July 1. (This results in different timeframes for data reporting across the two respective fiscal years.) Most federal funding flows directly to NYCHA, especially federal grants, while a smaller portion flows through the City budget and then to NYCHA.

## Operating Budget

NYCHA's operating expense budget for fiscal year 2025 is \$5.4 billion. The largest expense in NYCHA's operating budget is Section 8 payments, inclusive of Tenant-Based and Project-Based Vouchers. Other expenses in NYCHA's operating budget include staffing, utilities like fuel and water, contracts for maintenance such as plumbing and painting, and fringe benefits to employees.

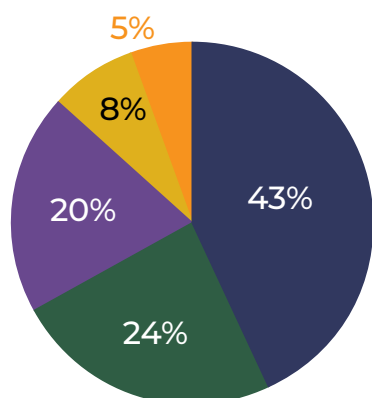
NYCHA has several revenue sources, but most of these operating expenses are funded by the federal government. In 2025, 67% of NYCHA's revenue comes from the federal government—43% from Section 8 and 24% in other federal subsidies, mainly HUD's public housing operating subsidy.<sup>9</sup> Tenant Rents comprise 20% of 2025 revenues. Only 5% of NYCHA's operating budget is funded by the City (see Figures 1 and 2).<sup>10</sup>

Only a small portion of NYCHA funds flow through the City budget. Notably, NYCHA's Section 8 and Federal subsidies do not touch the City's budget, but rather move directly from U.S. Department of Housing and Urban Development (HUD) to NYCHA.<sup>11</sup> The City budget only reflects City funds for NYCHA's operations and specific federal subsidies which first flow to the City and then pass through to NYCHA. This includes Community Development Block Grants (CDBG), temporary time-limited CDBG-Disaster Recovery (\$170 million from 2024 through 2026), and American Rescue Plan (ARP) pandemic recovery funding (\$182 million from 2021 through 2025).<sup>12</sup> CDBG-Disaster Recovery funds flowing to NYCHA are mainly for rebuilding and resiliency improvements after Superstorms Sandy

FIGURE 1

## NYCHA Fiscal Year 2025 Operating Budget By Revenue Source (\$5.4 billion)

- Section 8 (Federal)
- Federal Subsidies (Non-Section 8)
- Tenant Rents
- Other
- City Funds



SOURCE: NYCHA 2025-2029 Adopted Budget

NOTE: Section 8 includes HAP reserves. Other includes "Other revenue from operations," "Capital funds reimbursements," "Interest on investments," "Categorical grants," and "Other."

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and Ida. Funds that flow through the City budget to NYCHA appear in the City budget under the Department of Housing Preservation and Development (HPD), mainly in the Unit of Appropriation "City Assistance to NYC Housing Authority." (See IBO's [guide](#) to how the City's budget is structured through Units of Appropriation.)

## NYCHA Capital Budget

Long-term physical improvements to NYCHA's buildings are funded through the capital budget. NYCHA's chronic underfunding over decades has contributed to immense capital needs. As a result of 2018 federal litigation challenging poor housing conditions, NYCHA, the U.S. Department of Justice, and HUD entered an [agreement](#) in 2019 to place NYCHA under a federal monitorship. Accordingly, NYCHA was required to reorganize itself and improve its performance in six key

areas: lead paint, mold, pests and waste, elevators, heat, and inspections. The federal monitor continues to oversee NYCHA's performance.<sup>13</sup>

Approximately every five years, NYCHA hires independent architectural and engineering firms to conduct the [Physical Needs Assessment](#) (PNA). The 2023 PNA concluded that

FIGURE 2

## NYCHA Operating Budget, 2025-2029 By Revenue Source

Dollars in Thousands

	2025	2026	2027	2028	2029
Tenant Rents	\$1,045,427	\$920,218	\$921,454	\$928,116	\$934,848
Federal Subsidies (Non-Section 8)	1,291,639	1,245,943	1,274,935	1,307,213	1,371,969
Section 8 (Federal)	2,307,047	2,488,462	2,641,815	2,775,357	2,931,957
City Funds	286,687	331,690	350,047	357,511	357,511
Other	424,560	343,589	344,872	320,751	319,867
<b>Total</b>	<b>\$5,355,360</b>	<b>\$5,329,902</b>	<b>\$5,533,123</b>	<b>\$5,688,948</b>	<b>\$5,916,152</b>

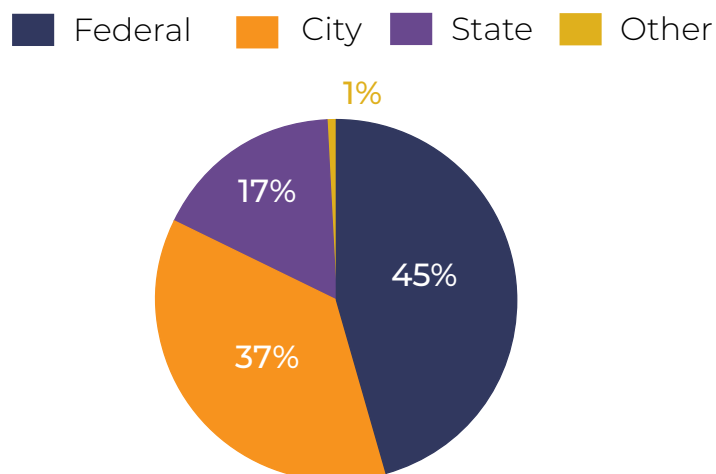
SOURCE: NYCHA 2025-2029 Adopted Budget

NOTES: Section 8 includes HAP reserves. Other includes "Other revenue from operations," "Capital funds reimbursements," "Interest on investments," "Categorical grants," and "Other."

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FIGURE 3

### NYCHA 2025 Capital Budget: Revenue Sources (\$3.4 billion)



SOURCE: NYCHA 2025-2029 Adopted Budget  
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NYCHA's capital needs exceed \$78 billion over the next 20 years, putting the capital budget at the center of housing quality issues. At the time, NYCHA claimed that existing capital projects and PACT and Preservation Trust conversions could address about \$38 billion (nearly half) of these needs, but both of those sources relied heavily on federal funds which are now at-risk. Even without federal cuts, another \$40 billion of physical needs remained unaddressed by NYCHA. (See [IBO report](#) for detailed discussion about the Preservation Trust.)

In fiscal year 2025, NYCHA's capital budget is \$3.4 billion (see Figures 3 and 4), with 46% slated to come from federal sources. HUD provides capital funding

to PHAs through the Capital Fund Program, which constitutes the largest capital revenue source for NYCHA. Additional federal sources include CDBG and CDBG-Disaster Recover funding. City funds, provided through the City's own capital budget, make up a larger share of NYCHA's capital budget than of its operating budget. Federal Section 9 grants to NYCHA from HUD through the Capital Fund Program do not appear in New York City's capital budget—these funds go directly to NYCHA and are reflected in its adopted budget. City funds for NYCHA and PACT do appear in the City's capital budget under HPD.

The capital amounts anticipated by NYCHA from all revenue sources for each year from 2026 through 2029 are generally less than the 2025 amounts. This is because most capital funding from federal sources as well as New York City and State grants are allocated one year at a time. Also, public housing authorities have two years to obligate and four years to spend federal capital funds; at the end of each fiscal year, unspent funds are rolled into the next year's budget. The drop in funds between 2025 and 2026 shown in Figure 4 is not unusual, as a substantial portion of funds are rolled over at the end of the fiscal year.

FIGURE 4

### NYCHA Capital Budget, 2025-2029: Revenue Sources

Dollars in Thousands

	2025	2026	2027	2028
Federal	\$1,567,139	\$730,523	\$730,523	\$730,523
City	1,260,973	705,645	298,575	210,660
State	585,172	-	-	-
Other	23,211	-	-	-
<b>Total</b>	<b>\$3,436,495</b>	<b>\$1,436,168</b>	<b>\$1,029,098</b>	<b>\$941,183</b>

SOURCE: NYCHA 2025-2029 Adopted Budget

NOTE: The substantial difference in capital funding between 2025 and the future years is typical given that many capital funds are from Federal, City, and State grants that are allocated annually, and at the end of each fiscal year some unspent funds are rolled to the next. However, it is not a guarantee that 2026 through 2029 will receive the same amount of funding as 2025. Totals may not sum due to rounding.

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## Federal Changes and Implications

As shown above, NYCHA's budget relies heavily on federal funds. However, many of those funds are being cut or threatened by recent federal decisions. The first funding reduction came in March 2025, when HUD announced it will end the Emergency Housing Voucher (EHV) Program. EHVs were created by ARP in 2021 and currently provide emergency Section 8 vouchers for approximately 5,500 households who were most at-risk of homelessness or fleeing unsafe housing. When funds run out, EHV households will be transitioned to Section 8 vouchers. To accommodate this change, NYCHA has paused the issuance of new vouchers for those on the current Section 8 waitlist, estimated to last about one year and a half, according to NYCHA. Notably, NYCHA reopened the waitlist in summer 2024 for the first time since 2009. At that time, over 600,000 households applied to be added to the waitlist and about 200,000 were added to the waitlist via a lottery.<sup>14</sup>

On a larger scale, the federal budget is currently being negotiated by Congress, with the new federal fiscal year starting October 1, 2025. The Trump administration's [Fiscal Year 2026 Discretionary Funding Recommendations](#) released in early May 2025 put forward notable changes to the Section 9 public housing and Section 8 vouchers, including a 43% funding cut. The proposal would reduce \$27 billion in funding from public housing and housing vouchers—the main financial resources for NYCHA. A main part of President Trump's budget proposal is the consolidation of Section 9, Section 8, and other HUD housing assistance programs into a single "State Rental Assistance Block Grant." The block grant arrangement would allow for greater state discretion in designing and allocating funding to address housing affordability tailored at a more local level—albeit with lower funding amounts than HUD gives to states and localities for the various programs it currently operates. For NYCHA, this would mean a smaller overall funding pool, creating difficult choices about how to appropriately allocate resources for maintenance, upgrades, and resident services.

The Trump administration's budget proposals would not only impact NYCHA's financial ability to operate and invest in improving its housing quality, but they would cause direct upheaval to NYCHA residents themselves. The Trump administration proposed a two-year cap on rental assistance for all "able-bodied adults" to "ensure a majority of rental assistance funding through States goes to the elderly and disabled."<sup>15</sup> Given the acute shortage of affordable housing in New York City and notably low rents relative to market-rate housing, the average tenancy of a NYCHA resident is 25 years and 15 years for a Section 8 voucher holder.<sup>16</sup> While the two-year cap would increase apartment turnover and allow more households on the multiyear waitlists to access affordable housing benefits, the two-year cap would destabilize housing for many low income tenants citywide, with little prospect that such households can find affordable housing elsewhere.<sup>17</sup>

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed by the President, containing numerous tax and spending policies. While OBBBA did not include specific rule changes to public housing, they remain a possibility in future federal budget negotiations. Later in July, Congressional budget proposals to maintain HUD funding around current levels advanced in both House and Senate committees, and neither committee included President Trump's block grant consolidation or two-year time limits. Ultimately, where

Congress and the White House land in final negotiations for funding HUD—and downstream all the entities that HUD funds, including NYCHA—remains unanswered.

Any potential cuts to the Section 9 Public Housing Capital Fund or to the availability and reliability of Section 8 vouchers would directly impact NYCHA's ability to address capital needs. Any risks to Section 8 funding would undercut the viability of financing future PACT and Preservation Trust projects (which finance repairs by borrowing against Section 8 vouchers) and greatly exacerbate NYCHA's housing quality issues. The Trump administration's budget proposal would also eliminate CDBG entirely, which provided \$108 million to the City for NYCHA in 2025 for emergency repairs.<sup>18</sup> The House of Representatives budget proposal would hold CDBG funding level at around \$3.3 billion while the Senate has put forward a 6% funding reduction. Ultimately, necessary capital improvements will fall to taxpayers at some level of government; reductions in federal capital support for public housing may simply push NYCHA's budgetary needs onto State and City taxpayers.

## Conclusion

Any combination of the proposed cuts and program changes to housing aid at the federal level would place immense pressure on City and State revenue sources to support NYCHA's budget. If New York City or State cannot backfill lost federal revenue, the potential cuts to NYCHA's operating and capital budgets would substantially impact NYCHA's financial health and its capacity to provide affordable, stable, and quality housing. Funding reductions would affect the living conditions of thousands of low-income tenants served by NYCHA and have broader implications for the neighborhoods and communities where NYCHA developments are located.

# Endnotes

- 1 NYCHA lists 520,808 authorized residents on its [2024 NYCHA Fact Sheet](#). The number of actual residents is likely higher. Throughout this report, NYCHA statistics on units, residents, and waitlists are pulled from the 2024 NYCHA Fact Sheet unless otherwise indicated.
- 2 NYCHA (2023, June 23). [2023 Physical Needs Assessment](#) (page 13).
- 3 Number of public housing units as reported on Council of Large Public Housing Authorities profiles for [Puerto Rico Public Housing Administration](#) and [Chicago Housing Authority](#) and [Philadelphia Housing Authority](#) websites.
- 4 Office of Policy Development and Research. [HUD User Data on Assisted Housing: National and Local](#).
- 5 New York City (2025, January 1). [2025 Preliminary Mayor's Management Report for NYCHA](#).
- 6 New York City (2025, January 1). [2025 Preliminary Mayor's Management Report for HPD](#).
- 7 Number of Section 8 Tenant-Based Rental Vouchers as reported on the [Housing Authority of the City of Los Angeles](#) and [City of Chicago](#) websites.
- 8 Office of Policy Development and Research. [HUD User Data on Assisted Housing: National and Local](#).
- 9 In addition to these federal subsidies, NYCHA also received federally funded grants such as Community Development Block Grants (CDBG) and American Rescue Plan (ARP) funding. However, these grants fall under "City Funds" in Figures 1 and 2 because they flow from the federal government to the City, which then administers the grants to NYCHA.
- 10 Note that the 2025 budget includes a one-time increase in tenant rent revenue of \$150 million from the federal HOME-ARP program. These funds flowed from the federal government to the City, then to NYCHA residents who paid their rental arrears to NYCHA. New York City Housing Authority (2025, April 23). [NYCHA Adopted Budget 2025-2029](#).
- 11 HPD's Section 8 funding flows through the City budget. Any funding labeled "Section 8" in the City budget is for HPD's Section 8 program and is not related to NYCHA.
- 12 New York City Fiscal Year 2026 Adopted Budget (2025, June 30). \$150 million of the ARP funds are for the HOME-ARP program in 2025.
- 13 U.S. Department of Justice (2018, June 11). [Manhattan U.S. Attorney Announces Settlement With NYCHA and NYC To Fundamentally Reform NYCHA Through the Appointment Of a Federal Monitor and the Payment By NYC Of \\$1.2 Billion Of Additional Capital Money Over the Next Five Years](#).
- 14 New York City Housing Authority. [FAQ Section 8 Program Updates](#).
- 15 Executive Office of the President, Office of Management and Budget (2025, May 2). Fiscal Year 2026 Discretionary Budget Request.
- 16 Office of Policy Development and Research (Accessed 2025, June 26). [HUD User Data on Assisted Housing: National and Local](#). IBO pulled data from this federal resource for NYCHA tenants and Section 8 housing voucher users in New York City.
- 17 For more information on the impacts of the proposed two-year time limit on public housing nationwide, see Claudia Aiken and Ellie Lochhead (17 July 2025), [What Do We Know About Time Limits and Work Requirements in Housing Assistance?](#) NYU Furman Center Local Housing Solutions Lab.
- 18 Office of the New York State Comptroller (accessed 2025, June 26). [Community Development Block Grant – Federal Funding and New York](#). The City provided \$19 million to NYCHA from CDBG grants in 2024, and has \$43 million budgeted for 2026. No other years, past or future, in the City's budget include CDBG federal funds for NYCHA.

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