



OFFICE of
INSPECTOR GENERAL
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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

PHAs and HUD Remain Challenged to Improve and Sustain Optimal Occupancy in Public Housing to Maximize Families Served

Audit Report Number: 2026-CH-0002

June 02, 2026

Highlights

PHAs and HUD Remain Challenged to Improve and Sustain Optimal Occupancy of Public Housing Units to Maximize Families Served | 2026-CH-0002

What We Audited and Why

We assessed public housing agencies' (PHA) management of the occupancy of public housing units. The nationwide shortage of affordable housing highlights the need for PHAs to maximize the use of their inventory of public housing units to serve the greatest number of eligible families. To assist PHAs in optimizing their inventory, HUD created an oversight strategy to work with PHAs on increasing the occupancy of public housing units across the United States. Our audit objective was to (1) assess the occupancy of public housing units, and (2) determine whether HUD had adequate oversight of PHAs' occupancy, particularly PHAs' management of vacant units.

What We Found

PHAs had occupancy rates below HUD's optimal level or a high number of long-term vacant units. Further, although HUD monitors PHAs' occupancy rates, it does not require very small PHAs or all PHAs with a high number of long-term vacant units take action to address vacancies. These conditions occurred because PHAs experienced delays in turning over vacant units, especially units that required extensive repairs, due to (1) a lack of financial and staffing resources, including contractors, (2) inadequate processes or management oversight, and (3) holding vacant units offline to relocate tenants from units or buildings that were being repaired, renovated, demolished, or converted under HUD's Rental Assistance Demonstration Program (RAD). Additionally, some PHAs' units were vacant because they were uninhabitable due to fires, natural disasters, or deterioration. Further, HUD's current risk mitigation action plan requires HUD staff to execute occupancy action plans for only PHAs with occupancy rates below 90 percent and 50 or more vacant units.

As a result, PHAs were not consistently maximizing occupancy, resulting in fewer eligible families benefiting from affordable housing. In addition, the PHAs that we reviewed lost the opportunity to receive operating subsidies and earn rental revenue for vacant units, totaling nearly \$80 million in 2024 and more than \$106 million in 2025.

What We Recommend

We recommend that HUD's Deputy Assistant Secretary for Field Operations (1) revise its Risk Mitigation Action Plan to include risk indicators to target PHAs with long-term vacant units and assess PHAs' unit turnover timeliness; and (2) include a review of the physical condition of PHAs' vacant units and turnovers as part of its field office staff's monitoring activities. We also recommend that HUD require PHAs to implement adequate procedures and controls over vacant units to help ensure that potential rent revenue and operating subsidies are not lost on vacant units and evaluate the physical condition of long-term vacant units and develop a plan to address the units, as appropriate.

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Background and Objectives

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and people with disabilities. The United States Housing Act of 1937, as amended, section 9(f) established the Operating Fund for the purposes of making assistance available to public housing agencies (PHAs) for the operation and management of public housing. The Operating Fund provides operating subsidies to help PHAs to serve low, very low, and extremely low-income families.

PHAs are eligible to receive operating subsidies for public housing units under an annual contributions contract (ACC) with HUD that are occupied, for dwelling units with an approved vacancy, and for a limited number of vacant-vacant units.¹ To determine the amount of funding a PHA is eligible to receive, HUD uses the following unit occupancy categories:

- Occupied - a PHA is eligible to receive an operating subsidy for each month, a unit is occupied by an eligible family under a lease.
- Vacant - also known as “vacant-vacant” - an unoccupied dwelling unit that does not house a family participating in the public housing program and is not a HUD-approved vacant unit.²
- HUD-approved vacant - a dwelling unit that receives operating subsidies and has a vacant status approved by HUD (*e.g.*, undergoing modernization, court litigation, natural disaster, casualty loss, and market condition).
- Non-dwelling - a unit that a PHA may use for a special purpose other than housing eligible, low-income families (*e.g.*, anti-drug-crime, self-sufficiency activities, other resident activities, neighborhood services, administrative uses, and resident amenities).³

PHAs’ public housing programs range in size from very small to very large as follows, (1) very small, 0 - 49 units, (2) small, 50 - 249 units, (3) low-medium, 250 - 499 units, (4) high-medium, 500 - 1,249 units, (5) large, 1,250 - 9,999 units, and (6) very large, 10,000 or more units. Public housing also comes in different sizes and types, from scattered single-family houses to high-rise apartments for elderly families.

Most public housing stock is more than 50 years old, deteriorating, and in need of significant capital improvements, resulting in an inventory reduction from 1.2 million units to fewer than 900,000 as of May 2025. As the need for affordable housing grows, the supply of existing public housing remains critical to reducing homelessness and increasing economic mobility for low- to moderate-income families. For fiscal year 2025, one of HUD’s priority goals was to maximize the reach of HUD’s rental assistance programs by increasing occupancy rates of public housing units to 96 percent. To measure its progress toward achieving this goal, using PHA occupancy data, HUD established the public housing

¹ 24 Code Federal Regulations (CFR), sections 990.140, 990.145, and 990.150

² HUD will pay operating subsidy for a limited number of vacant units under an ACC. The limited number of vacant units must be equal to or less than 3 percent of the unit months on a project-by-project basis. For a PHA with 100 or fewer units, HUD will pay operating subsidy for up to five vacant units not to exceed 100 percent of the unit months under an ACC.

³ A PHA is eligible to receive operating subsidy for vacant public housing units for each unit month the units are under an ACC and meet one of the following HUD-approved vacancies for either (1) units undergoing modernization, (2) special use units, (3) litigation, (4) disasters, (5) casualty losses, and (6) market conditions.

occupancy rate which functions as a key performance indicator in the calculation of the Public Housing Assessment Score (PHAS).⁴

HUD's Office of Public and Indian Housing's (PIH) Office of Field Operations (OFO) provides guidance and oversight to the PIH field offices. The field offices serve as primary points of contact for PHAs, public housing residents, and interested parties. The field offices also provide PHAs with technical assistance and evaluate their performance.

Our objective was to (1) assess the occupancy of public housing units, and (2) determine whether HUD had adequate oversight of PHAs' occupancy, particularly, PHAs' management of vacant units.

⁴ HUD uses the Public Housing Assessment System (PHAS) to assess PHAs performance in managing its public housing programs. The system is a strategic measure of the essential housing operations of projects and PHAs.

Results of Audit

Opportunities Exist to Improve PHAs’ Occupancy of Public Housing Units to Maximize the Number of Low-Income Families Served

PHAs had occupancy rates below HUD’s optimal level or many long-term vacant units. Further, although HUD monitors PHAs’ occupancy rates, it does not require very small PHAs or PHAs with a high number of long-term vacant units to take action to address vacancies. These conditions occurred because PHAs experienced delays in turning over vacant units, especially units that required extensive repairs, due to (1) a lack of financial and staffing resources, including contractors,(2) inadequate processes or management oversight, and (3) holding vacant units offline to relocate tenants from units or buildings that were being repaired, renovated, demolished, or converted under RAD. Additionally, some PHAs units were vacant because they were uninhabitable due to fires, natural disasters, or deterioration. Further, HUD’s current risk mitigation action plan only requires HUD staff to execute occupancy action plans for PHAs with occupancy rates below 90 percent and 50 or more vacant units.

As a result, PHAs were not consistently maximizing occupancy, resulting in fewer low-income eligible families benefiting from affordable housing. In addition, the PHAs that we reviewed lost the opportunity to receive operating subsidies and earn rental revenue for vacant units, totaling nearly \$80 million in 2024 and more than \$106 million in 2025.

PHAs Had Public Housing Occupancy Rates Below HUD’s Optimal Level or a High Number of Vacant Units

Of the 2,721 PHAs with public housing programs, 813 (nearly 30 percent) had occupancy rates below that optimal level.⁵ For fiscal year 2023, HUD OFO’s optimal level for PHAs’ occupancy rates was 95.5 percent.⁶ Further, 2,054 out of 2,721 PHAs had at least one vacant unit, which collectively totaled to more than 46,000 vacant units and represented about 5 percent of all public housing units. The following table categorizes PHAs by program size and shows the total number of housing units, including vacant units, and the PHAs that were below HUD’s optimal level.

Fiscal Year 2023 OAP Tracker as of July 2023							
PHA program size	No. of PHAs	No. of units	No. of PHAs with vacant units	No. of vacant units	Percentage of total vacant units	No. of PHAs with occupancy rate below optimal	Total vacant units for PHAs below optimal
Very small	704	20,632	338	696	1.50%	206	554

⁵ According to HUD’s occupancy action plan tracker as of July 2023, based on data for June 2023.

⁶ HUD’s OFO used that same optimal percentage as the target for all levels of public housing operations, including National, Network, Field Office, PHA, and asset management property.

Fiscal Year 2023 OAP Tracker as of July 2023							
PHA program size	No. of PHAs	No. of units	No. of PHAs with vacant units	No. of vacant units	Percentage of total vacant units	No. of PHAs with occupancy rate below optimal	Total vacant units for PHAs below optimal
Small	1,397	164,858	1,113	6,075	13.09%	355	4,022
Low-medium	355	122,011	341	5,463	11.77%	127	3,745
High-medium	175	132,817	172	6,912	14.90%	70	4,974
Large	86	231,329	86	14,724	31.73%	52	12,636
Very large	4	240,631	4	12,527	27.00%	3	12,072
Total	2,721	912,278	2,054	46,397	100%	813	38,003

As of May 2025, there were a total of 877,084 units associated with 2,675. Of those units, 41,822 (nearly 5 percent) were vacant; a slight decrease from July 2023. Further, the occupancy rates of more than 900 (nearly 34 percent) of the 2,675 PHAs were below HUD’s optimal level. In fiscal year 2025, HUD increased its optimal level for the PHA occupancy rate from 95.5 to 96 percent. As a result of PHAs’ below optimal occupancy rates, occupancy was not consistently maximized, thus resulting in less low-income families benefiting from affordable housing. The following table categorizes PHAs by program size and shows the total number of housing units, including vacant units, and the PHAs that were below HUD’s optimal level.

Fiscal Year 2025 OAP Tracker as of May 2025							
PHA program size	No. of PHAs	No. of units	No. of PHAs with vacant units	No. of vacant units	Percentage of total vacant units	No. of PHAs with occupancy rate below optimal	Total vacant units for PHAs below optimal
Very small	688	20,141	328	676	1.62%	227	571
Small	1,384	163,500	1,101	6,550	15.66%	427	4,875

Low-medium	345	117,457	327	4,976	11.90%	124	3,538
High-medium	169	125,088	168	5,702	13.63%	78	4,294
Large	85	218,612	85	13,545	32.39%	46	11,224
Very large	4	232,286	4	10,373	24.80%	3	8,818
Total	2,675	877,084	2,013	41,822	100%	905	33,320

Additionally, for both fiscal years 2023 and 2025,⁷ we determined that PHAs with large and very large public housing program sizes accounted for more than 55 percent of the total vacant units. We also determined that PHAs with large and very large program sizes generally had higher occupancy rates compared to PHAs with smaller program sizes because a few vacant units in a smaller program are more likely to significantly decrease the occupancy rate below HUD’s optimal level. For instance, a PHA with a very large program size, with nearly 150,000 available units had an occupancy rate of 94.81 percent with over 7,000 vacant units, whereas a PHA with a small program size of 26 available units had an occupancy rate of 23 percent with 20 vacant units.

According to HUD, there are many factors that impact a PHA’s ability to reach or maintain optimal occupancy such as delays in vacant unit turnarounds due to (1) lack of contractors, supplies, or available funding, (2) developments going through the long and complex HUD conversion programs, (3) poor coordination among staff on tasks and timeliness, and (4) tenant relocation. However, some of those factors may not align with HUD’s limited categories for “approved” vacancies and, thus, the unit will remain categorized as vacant-vacant.

Furthermore, according to HUD, a unit categorized as vacant-vacant does not mean that a unit is available for occupancy, it just means that the unit is not currently occupied or a HUD-approved vacant unit. However, vacant units still count toward a PHA’s total number of available units, thus impacting the PHA’s occupancy rate and is reported to the public without additional information about the unit’s true availability.

A Review of Occupancy at 15 PHAs

We reviewed 15 PHAs⁸ to examine the specific reasons they have for (1) occupancy rates that are below HUD’s optimal level or (2) many long-term vacant units. We found that PHAs did not consistently turn over vacant units in a timely manner and did not always maintain vacant units in safe and sanitary condition. The PHAs’ program sizes ranged from small to very large and the total number of vacant units

⁷ HUD’s occupancy action plan tracker as of July 2023 and May 2025, respectively.

⁸ Fourteen of the 15 PHAs had an occupancy rate below HUD’s optimal level [of 95.5 percent] and 1 PHA was above the optimal level but had a high number of vacant units.

was nearly 14,000 as of June 2023. The following table shows the program size of the 15 PHAs, total number of ACC units, occupancy rate range, and total vacant units as of June 2023.

PHA program size	No. of PHAs	No. of ACC units	Occupancy rate range	Vacant units
Small	2	379	45.87 - 52.17%	194
Low medium	3	1,083	30.86-66.67%	408
High medium	1	528	66.35%	174
Large	5	24,386	83.33 - 90.10%-	2,637
Very large	4	238,728	92.89% - 96.38%	10,385
Total	15	265,104	30.86% - 96.38%	13,798

PHAs Did Not Consistently Turn Over Vacant Units in a Timely Manner

We requested unit turnover data from the 15 PHAs; however, only 9 PHAs tracked the number of days to turn over vacant units and the remaining 6 did not.⁹ Of the nine PHAs that tracked unit turnovers, according to the PHAs’ records, six PHAs did not consistently turn over vacant units in a timely manner.¹⁰ Specifically, the average unit turnovers times for the six PHAs ranged from 193 to 916 days in 2023, and 145 to 532 days in 2024. The following table shows the program size for six PHAs and the average number of days these PHAs took to turnover vacant units for calendar years 2023 and 2024.

PHA no.	PHA program size	2023	2024
1	Large	193	216
2	Large	622	426
3	Large	603	532
4	Large	276	145
5	Very large	410	439
6	Small	916	Not available

⁹ When HUD removed the unit turnover performance indicator, it no longer required PHAs to track the timeliness of unit turnovers.

¹⁰ Before 2011, HUD assessed vacant unit turnover timeliness was a PHA performance measure under HUD’s Public Housing Assessment Subsystem (in PHAS), and in HUD’s Management Operations Assessment Subsystem (MASS). HUD’s benchmark for the timeliness of unit turnovers was 30 days. In 2011, HUD removed the unit turnover as a performance indicator. However, HUD continued to consider unit vacancies that exceeded 180 days to be “long term” vacant. Thus, we conservatively used 180 days as our benchmark to measure a PHA’s timeliness for vacant unit turnover.

In addition to data from the PHAs, we reviewed HUD’s Unit Turnaround Report and determined that, as of May 2025,¹¹ 14 of the 15 PHAs¹² we reviewed had public housing programs with vacant units. Based on the report data, the average vacant unit turnover times for 11 of the 14 PHAs ranged from 242 to 1,113 days, or more than 6 months to more than 3 years. The average turnover times for the remaining three PHAs ranged from 71 to 123 days, or 2 to 4 months.¹³ The table below shows the program size for all 14 PHAs and the average number of days these PHAs took to turnover vacant units as of May 2025.

PHA no.	PHA program size	Average no. of days to turnover vacant units	Turnover time is more than 180 days? Y or N
1	Small	71	N
2	Very large	104	N
3	Large	123	N
4	Very large	242	Y
5	Low medium	272	Y
6	Large	331	Y
7	Large	424	Y
8	High medium	522	Y
9	Very large	534	Y
10	Large	621	Y
11	Large	635	Y
12	Very large	688	Y
13	Small	908	Y
14	Small	1,113	Y

Therefore, PHAs need to improve the timeliness of their vacant unit turnovers to increase their occupancy rates to HUD’s optimal level.

According to HUD, since PHAs’ unit turnover timeliness is no longer a PHAS indicator, the unit turnover report is one of the optional tools that OFO’s staff could use to monitor and track vacancies and leasing goals. The staff could also use the report when conducting a compliance monitoring review.¹⁴ However, HUD’s monitoring review checklist does not include a review of vacant unit turnovers. Therefore, HUD could improve its monitoring of PHAs’ management of vacant units by including a review of HUD’s Unit Turnaround Reports as part of its oversight activities.

PHAs Did Not Consistently Maintain Vacant Units in Decent, Safe, and Sanitary Condition

¹¹ HUD’s Unit Turnaround Report retrieves data entered by the PHAs in HUD’s IMS-PIC system to determine the number of days to turnover vacant units. Therefore, the report is based on PHAs’ records at a point in time.

¹² For one PHA, HUD approved the associated units to be vacant, thus HUD did not track vacant unit turnover for this PHA.

¹³ The average unit turnover time was within our 180-day benchmark.

¹⁴ HUD’s periodic monitoring reviews of a PHA to determine compliance with requirements.

We sampled 437 vacant units from 44 housing developments across 8 of the 15 PHAs with large or very large program sizes to observe their physical condition.¹⁵ These 8 PHAs had 10,491 vacant units as of June 2023. Of the 437 vacant units, we observed 416¹⁶ and determined that 23 were uninhabitable and 4 had been demolished. For the remaining 389¹⁷ vacant units we observed, we determined that 182 units (nearly 47 percent) had clutter-debris, required extensive repairs, or had health and safety deficiencies that prevented the units from being leased at the time of our observations¹⁸ and could pose potential danger to the residents in the buildings.

The following photographs illustrate some of the conditions of vacant units we observed.¹⁹

	
<p>Figure 1. Heavy mold (air quality issue)</p> <p>Large PHA, unit number 55: The bathroom and surrounding area were full of mold. The unit had been vacant for over 1,000 days as of March 2025.</p>	<p>Figure 2. Fire damage and heavy mold (air quality issue)</p> <p>Very-large PHA, unit number 9A: The bathroom and surrounding area were full of mold. This unit was in a building that had 65 occupied units. The unit had been vacant for over 2,000 days as of March 2025.</p>

¹⁵ We performed our observations between September 2023 and April 2024.

¹⁶ We were unable to observe 21 of the 437 sampled units because 5 units were occupied, 5 had squatters, and 11 units were used for temporary housing.

¹⁷ The units were vacant between 53 and 6,970 days at the time of our observation. However, a unit could have been vacant for a longer period if the status of the unit changed. For example, if a vacant unit was approved for the undergoing modernization status and the time for the action expires, the unit can be recorded as vacant and the number of days resets based on the new unit status.

¹⁸ 24 Code of Federal Regulations (CFR), section 5.703 and (e). See appendix B for HUD's requirements.

¹⁹ These pictures are examples of the 182 units that required major repairs. The remaining 207 of the 389 units observed either were in ready to lease condition or required minor work and/or cleaning.



Figure 3. Bathroom damaged, bird feces and bird eggs (air quality and potential infestation)

Very large PHA, unit number 426: The bathroom was damaged. The entire unit had bird feces. A bird nest with eggs was present at the time of our visit. This unit was in a building that had 54 occupied units. The unit had been vacant for over 1,000 days as of March 2025.

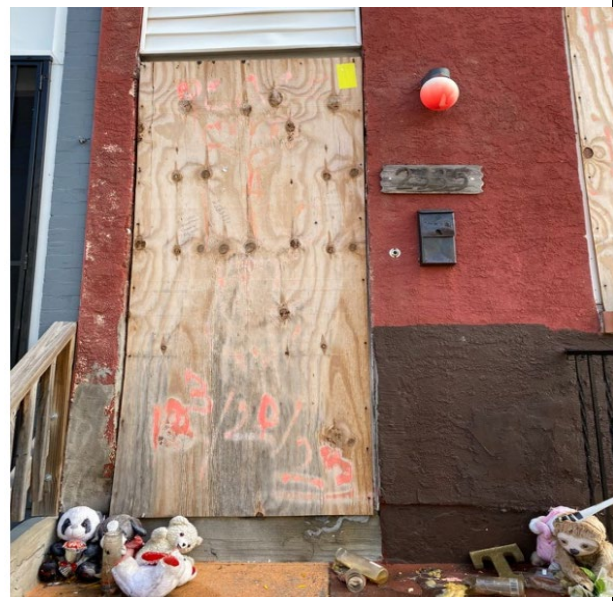


Figure 4. Uninhabitable unit, boarded up

Very large PHA, unit number 691300: The unit was boarded up. According to the city's licenses department and inspection, the unit had been issued an unsafe structure notice of violation warning. The unit had been vacant over 800 days as of March 2025.



Figure 5. Entire development was vacant and uninhabitable

Large PHA: Entire development with 170 units had been vacant since at least 2012 (over 13 years). The property was located on a historical site.



Figure 6. The entire block of eight units was vacant and uninhabitable

Very large PHA: Major roof issue with structural damage deemed this building non-viable in 2015. These units were located on a historical site.



Figure 7. Unit was gutted and uninhabitable

Very large PHA, unit number NC0581. The entire unit was gutted (demolished) without any living areas. The unit was vacant for almost 1,200 days at the time we visited the unit.



Figure 8. Unit had ceiling damage

Large PHA, unit number 214088: At the time of our visit, the PHA staff were working on turning over the unit after it had been vacant for over 1,000 days.



Figure 9. Peeling paint, damaged kitchen floor, mildew or mold

Very large PHA, unit number 05A: The unit was built before 1978 and had damaged floor, peeling paint, damaged walls, and mold. This unit was in a building



Figure 10. Dead mouse - Infestation

Large PHA, unit number 0704: The unit was vacant over 200 days at the time we observed. The unit was in a building that had 138 occupied units.

that had 34 occupied units. At the time of our observation, the unit was vacant for over 1 year.



Figure 11: Marks of dead animal with strong odor

Large PHA, unit number 10315: The unit was vacant for nearly 300 days at the time we observed. It appeared that an animal was left unattended and died. Strong odor presented when opening the door.



Figure 12: Damaged walls

Large PHA, unit number 074344: The unit was vacant for over 250 days at the time we observed. The unit had wall damage and was no longer in HUD's public housing inventory.

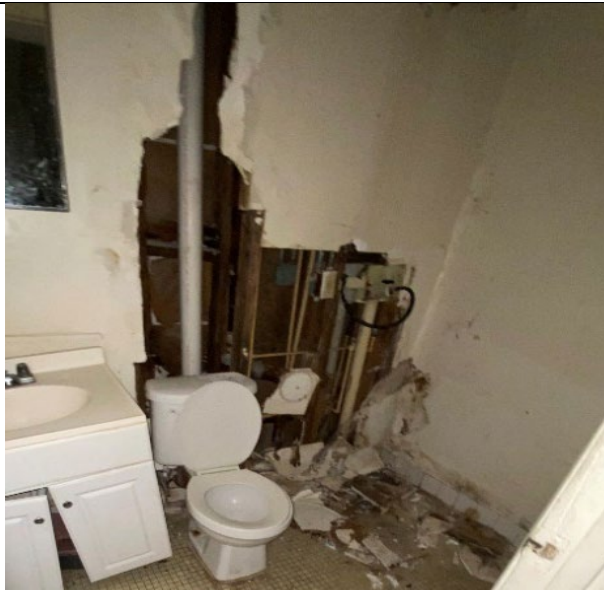


Figure 13: Wall damage

Large PHA, unit number 035055: The unit was vacant almost a year at the time we observed. The bathroom damaged and exposed water pipes.



Figure 14: Floor damage

Large PHA, unit number 203715: The unit was vacant for over 190 days at the time we observed. The entire unit was damaged.



Figure 15: Floor damage

Large PHA, unit number 085009: The unit was vacant for more than 900 days at the time we observed. The floor in the unit had buckled up and appeared to have tree roots spreading underneath the unit as seen in several locations.



Figure 16: Fire damage

Large PHA, unit number JAX029: The unit had fire damage and was left vacant for almost 900 days at the time of our observation.

Status of Sampled Vacant Units as of March 2025

Of the 437 vacant units in our sample, we determined that, as of March 2025, 215 became occupied, 18 units were removed from HUD’s public housing inventory, and 90 units were approved by HUD to be offline for various reasons.²⁰ The remaining 114 units were still vacant. The longer that units remain vacant increases the likelihood of squatters and criminal activity and contributes to their deteriorating physical condition. For instance, 1 year after our observation, one of the 114 units that had been vacant for nearly 4 years, the unit had been vandalized by a squatter, which resulted in further damage to the unit.

For the 215 units that became occupied as of March 2025, it took the PHAs between 114 and 1,854 days (more than 3 months to nearly 5 years) to repair and lease the units. Notably, the leasing of long-term vacant units directly impacts the calculation of PHAs’ average unit turnover times. At the same time, the 114 units we noted to be continually vacant as of March 2025 would not affect the PHAs’ unit turnover averages until they are leased.

In addition to impacting PHAs’ unit turnover averages, deteriorating physical condition of vacant units affects PHAs’ occupancy rates, especially if the units need major repairs and cannot be leased. However, HUD OFO generally does not monitor the physical condition of vacant units²¹ and HUD’s Real Estate

²⁰ One unit was approved for casualty loss, 7 units were involved in litigation, 77 were undergoing modernization, and 5 were approved for demo-disposition.

²¹ HUD may inspect a PHA’s vacant units if there are concerns regarding health and safety issues.

Assessment Center's (REAC) inspection does not include a review of those units, either. According to HUD's NSPIRE Inspection protocols and guidance, vacant units should not be inspected. Because HUD does not monitor the conditions of vacant units, it relies on PHAs to maintain vacant units in accordance with federal and local requirements and comply with HUD's health and safety standards applicable to public housing.

PHAs Experienced Challenges Managing Vacant Units, Further Affecting Turnover Averages

Due to limited staffing and financial resources, some PHAs experienced challenges with the management of vacant units, which had an added impact on turnover averages. For instance, due to their inability to retain or hire maintenance and skilled trade staff, two PHAs stated that they prioritized repairing units that had minor deficiencies and could be more readily available to house families. This resulted in units that required major repairs sitting damaged and idle for longer periods of time, exacerbating their already dilapidated condition.

Further, two PHAs stated that financial reasons, such as the post-pandemic increase in the cost of supplies, especially for cabinets and appliances, caused untimely unit turnovers. For one PHA, due to the age of the public housing stock, many units may contain lead-based paint and/or asbestos that would require testing and expensive abatement, which increases the cost of preparing units for occupancy and causes additional turnover delays.

Likewise, difficulties with obtaining financing or awaiting payouts from insurance claims²² to repair, modernize or redevelop units or buildings caused two PHAs to have vacant units for multiple years. Another PHA that elected to modernize or reposition a large portion of its public housing portfolio, held many vacant units offline for a long period of time to relocate tenants, as needed, from buildings that were being renovated.²³ Although the units are not available to house additional families, the units are still recorded in HUD's system as "vacant-vacant," suggesting that units are available to house families, but they are not.²⁴

Lastly, one PHA's public housing units were uninhabitable due to natural disasters. The PHA received approval from HUD to demolish most of its units.²⁵ As of August 2025, the PHA has only one mixed-financed development with seven units that were occupied. Therefore, the PHA's occupancy rate was 100 percent.

²² PHAs filed insurance claims for units that were damaged by fire or natural disasters.

²³ Repositioning from public housing can take several years due to many factors such as securing funding, selecting developer partner(s), preparing a comprehensive transformation plan, engaging residents and the neighborhood that are impacted by the plan, hiring contractors, and completing environmental reviews.

²⁴ According to HUD, a unit's approval status is for a limited period and can be renewed with a limitation. Therefore, removal of the approval status would move the unit back to a vacant-vacant status, despite the unit not being available.

²⁵ When a PHA receives HUD approval to remove a vacant unit from its inventory due to demolition or disposition, the vacant unit is considered a demolition-disposition approved unit.

The list below summarizes the various reasons provided by the 15 PHAs for their untimely vacant unit turnovers or long-term vacant units.²⁶

Lack of financial or staff resources	11 PHAs noted lack of maintenance staff or funding to address the conditions of certain units.
Location of units	4 PHAs noted that vacant units were located in less desirable locations.
Uninhabitable conditions	9 PHAs had units that were in deplorable condition due to natural disasters, fire damage, or deterioration.
Inadequate process or management oversight	6 PHAs noted inappropriate unit status, poor coordination of processes among the various departments for the management of units, and a lack of consistent leadership.
Renovation, Repositioning, demolition, or redevelopment	14 PHAs noted that most of its vacant units were held vacant while being planned or in the process of being renovated being repositioned, demolished, or redeveloped.

Further, during our audit period, the PHAs generally did not conduct annual inspections of their vacant units to identify and address deficiencies and prevent further deterioration.²⁷ For example, during our audit, we selected two units that had been vacant for over 1 year from one PHA’s development to observe the condition of the units. One year after our observation, those units had been vandalized by squatters, resulting in further damage to the units. Therefore, had the PHA inspected its vacant units, it could have known its unit conditions, potentially addressed deficiencies, and prevented further deterioration.

As a result of PHAs not turning over vacant units in a timely manner and addressing the condition of its long-term vacant units, PHAs were not maximizing occupancy, and thus fewer units were available to house families in need of affordable housing. Moreover, due to unit vacancies, 13 of the 15 PHAs²⁸ reviewed lost the opportunity to receive operating subsidies and earn rental revenues for the vacant units totaling nearly \$80 million in 2024 and more than \$106 million in 2025. Because HUD operating subsidies are intended to cover the gap between the estimated cost for PHAs to operate a project and the estimated income received from the project’s total rent collections, these conditions could result in HUD paying more in operating subsidies to cover the PHAs’ public housing program expenses.

²⁶ Thirteen of the 15 PHAs provided more than one reason for untimely unit turnovers and poor physical condition of vacant units. Two PHAs provided only one reason which was that all its public housing units had been impacted were vacant while going through the repositioning process. by natural disasters.

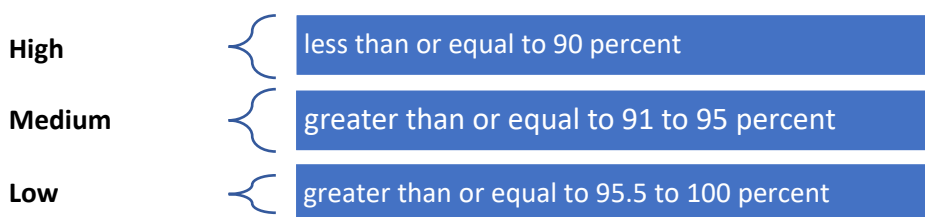
²⁷ With the implementation of the National Standards for the Physical Inspection of Real Estate (NSPIRE) in July 2023, HUD clarified that PHAs must perform annual inspections of all public housing units, including vacant units.

²⁸ We were unable to determine the financial impact of vacancies for two Moving-to Work PHAs because data was not available.

In December 2024, HUD issued HUD’s Public and Indian Housing (PIH) Notice 2024-42, identifying strategies for PHAs to improve and maintain an optimal public housing occupancy rate. This notice identified the establishment of unit turnover protocol as critical; however, the notice did not specifically address timeliness for managing vacant unit turnovers, which would include tracking unit turnovers and assessing the physical condition of long-term vacant units – two factors that may significantly impact PHAs’ turnover timeliness.

HUD’s Risk Mitigation Plan to Address Occupancy Did Not Require Action Plans for Very Small PHAs and PHAs With a High Number of Long-Term Vacant Units

Due to PHAs’ declining occupancy rates and in pursuit of achieving HUD’s national occupancy goal of 95.5 percent, for fiscal year 2023 HUD’s OFO developed a risk mitigation action plan, which included mitigation strategies to assist PHAs with increasing their occupancy rates. As part of the plan, HUD identified three strategies that would be used to ensure low-income renters have access to housing options and focused HUD’s monitoring efforts on PHAs that are operating below optimal occupancy level. The first strategy was to decrease the number of vacant, occupiable units at PHAs that were determined to be medium and high risk. This strategy included a risk-based approach that categorizes PHAs’ occupancy rates as low, medium, or high risk based on the number of PHAs’ available units in relation to occupied units. The graphic below shows the occupancy rate percentage for each risk category.²⁹



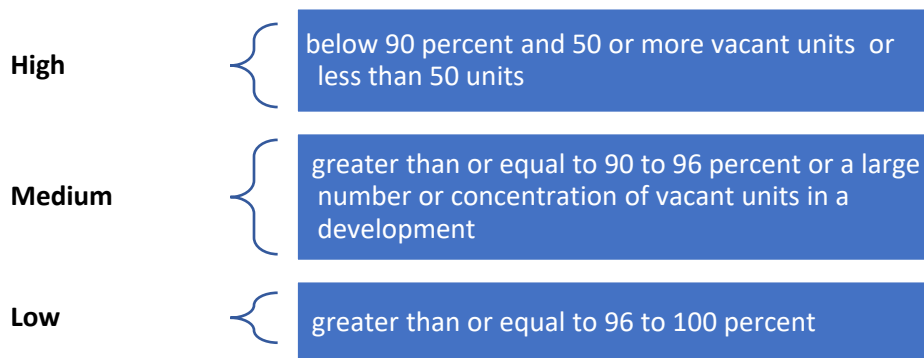
The second strategy was to use occupancy action plans³⁰ (OAP) to develop goals and milestones to increase PHAs’ occupancy. Based on strategy 1 and 2, we determined that of the 2,054 PHAs with vacant units, 224 PHAs were considered as “high risk” and required HUD field office staff to work with the PHAs, using the OAP, to create strategies and milestones to reduce PHA vacancies. These PHAs had nearly 14,000 vacant units, comprising approximately 30 percent of the total number of vacant units.³¹ The remaining 1,830 PHAs with vacant units fell within the medium to low-risk categories because their occupancy rate was above 90 percent. However, some of those PHAs had many vacant units. For instance, four PHAs with very large programs had nearly 27 percent of the total number of vacant units, including over 4,800 units that had been vacant for over 1 year.³² Of those units, nearly 900 had been

²⁹ We identified minor gaps in HUD’s risk categories such as greater than 90 and 90.99 and 95.01 to 95.49.
³⁰ Based on conversations about occupancy between the field office staff and PHAs, the OAP provides narratives, goals, and expectations to identify root causes of low occupancy, formalize a strategy for improvement, and develop goals and milestones to increase occupancy.
³¹ According to HUD’s occupancy action plan tracker as of July 2023, based on data for the month of June 2023.
³² This reflects data as of June 2023.

vacant for over 5 years. However, based on HUD’s risk mitigation plan, OAPs were not required for PHAs with many vacant units, including long-term vacant units, unless the PHAs’ occupancy rate was less than or equal to 90 percent.³³

The last strategy was for each HUD network to decrease the number of units classified as vacant-vacant for more than 180 days. As part of this strategy, the field office staff would engage with PHAs to identify best practices for quickly preparing units for occupancy. However, occupancy action plans were not required to address long-term vacant units.

For fiscal year 2025, HUD increased its public housing occupancy optimal level to 96 percent and revised its mitigation strategies to focus on PHA occupancy rate and the number of vacant units. The plan consisted of two strategies: (1) training field office staff on occupancy resources such as HUD’s vacancy impact on revenue tool, unit turnaround report, and occupancy dashboard, and (2) a risk-based approach for monitoring PHA occupancy. According to the approach, HUD’s field office staff are *required* to execute OAPs with a PHA whose occupancy rate falls below 90 percent and has 50 or more vacant units. For PHAs with occupancy rates, (1) below 90 percent with less than 50 vacant units, (2) between 90 and 96 percent, or (3) that have a large number or a concentration of vacant units in a development,³⁴ HUD *recommends* that its field office staff execute OAPs. The graphic below shows the occupancy percentages and vacant unit factors for each risk level.



Additionally, HUD’s risk mitigation action plan does not require PHAs with very small program sizes to be put on OAPs since those PHAs have under 50 units. However, OAPs are recommended when the PHAs’ occupancy rates fall below 90 percent.

As of May 2025, there were a total of 2,013 PHAs associated with 41,822 vacant units, which was a slight decrease from July 2023. Based on HUD’s risk strategy, as of May 1, 2025, we determined that 55 of the PHAs were considered “high risk” and required OAPs.³⁵ The 55 PHAs had more than 10,000 vacant units,

³³ Appendix A shows the number of high-risk PHAs by program size and vacant unit count based on HUD’s risk 2023 mitigation action plan.

³⁴ HUD does not define how many vacant units in a development would be considered as a large number or concentration.

³⁵ Appendix A shows the number of high-risk PHAs by program size and vacant unit count based on HUD’s 2025 risk mitigation action plan.

nearly 25 percent of the total number of vacant units. An additional 175 PHAs with more than 2,700 vacant units were also considered “high risk”; however, OAPs were not required.

The remaining nearly 1,800 PHAs with nearly 29,000 vacant units (approximately 69 percent) fell within the medium- to low-risk levels. Therefore, HUD’s field office staff did not execute OAPs with those PHAs because it was not required, even though some of them had many vacant units. For example, one PHA with a very large public housing program size had an occupancy rate of 94.04 percent in 2025 with over 700 vacant units.³⁶

According to HUD’s risk mitigation action plan for 2025, although OAPs are not required for all PHAs, HUD’s staff must focus on reducing vacancies at PHAs in all risk categories. To achieve those reductions, HUD staff is expected to maintain constant communication with the PHAs regarding their units; however, documentation of such communication is not required. Therefore, we do not know if HUD staff were working with PHAs that were not on OAPs to reduce vacancies.

Conclusion

PHAs experienced challenges in the management of vacant units, which prevented them from reaching or maintaining HUD’s optimal occupancy level. Further, HUD current risk mitigation action plan only requires HUD staff to execute occupancy action plans for PHAs with occupancy rates below 90 percent and 50 or more vacant units. As a result, PHAs were not consistently maximizing occupancy and thus fewer low-income families benefited from affordable housing. In addition, the PHAs that we reviewed lost the opportunity to receive operating subsidies and earn rental revenue for vacant units, totaling nearly \$80 million in 2024 and more than \$106 million in 2025.

Recommendations

We recommend HUD’s Deputy Assistant Secretary for Field Operations:³⁷

- 1A. Revise its Risk Mitigation Action Plan to include risk indicators to (1) target PHAs with long-term vacant units (units vacant greater than 180 days) to proactively identify units that may qualify for HUD-approved unit status to accurately reflect availability and require PHAs to address long-term vacant units, and (2) assess PHAs’ unit turnover averages to identify PHAs that may need technical assistance in managing their units.
- 1B. Include as part of the field office staff monitoring activities, a review of PHAs’ (1) unit turnovers to ensure they are implementing strategies,³⁸ as applicable, to improve vacant unit turnover timelines, and (2) vacant unit conditions to ensure that PHAs are complying with NSPIRE.

We also recommend that HUD’s Deputy Assistant Secretary for Field Operations require the PHAs to:

³⁶ This data is derived from HUD occupancy action plan trackers.

³⁷ Due to an ongoing reorganizational change within HUD’s Office of Public and Indian Housing, the Assessment Recovery and Oversight Center and Office of Public Housing and Voucher Programs will assume responsibility for addressing the audit report’s recommendations.

³⁸ HUD’s PIH Notice 2024-42

- 1C. Implement adequate procedures and controls over vacant units to ensure that potential rent revenue and operating subsidies are not lost on vacant units next year.
- 1D. Evaluate the physical condition of their long-term vacant units and include the units in the PHAs' annual and 5-year plans, or develop a plan, which should include target dates to (1) prepare the units for occupancy to house more families or (2) work with HUD to properly categorize units as HUD-approved vacant.

Management Response

On April 17, 2026, we provided HUD with a draft report for review and comment. On May 18, 2026, the Associate Deputy Assistant Secretary for the Recovery and Oversight Assessment Center and the Acting Associate Deputy Assistant Secretary for Public Housing and Voucher Programs elected not to provide formal comments to the draft audit report.

Scope and Methodology

We conducted our audit work from April 2023, through July 2025. The audit covered that same period.

To accomplish our objective, we:

- Reviewed applicable laws, Federal Register notices, the Code of Federal Regulations (CFR), and PIH notices, and guidebooks.³⁹
- Interviewed HUD management officials and HUD field office staff to understand the policies and procedures they used to oversee PHAs' occupancy and communications they had with PHAs about vacant units.
- Obtained and reviewed documentation supporting communications and data exchanged between HUD field office staff and the PHAs.
- Observed the units at several developments for 8 PHAs selected for an onsite review.
- Obtained and reviewed PHAs' policies and procedures, self-inspections, as applicable.
- Communicated with PHAs to understand their challenges with managing vacant units.

Methodology for Selecting PHAs

Using the Management Assessment Subsystem (MASS) Occupancy Summary report obtained from the HUD's PIH data dashboard and the supporting unit status details report provided by HUD's Office of Public Housing and Voucher Programs (OPHVP), we identified 2,092 PHAs⁴⁰ with a total of 44,504 vacant-vacant units as of June 2023. Of the 2,092 PHAs, we selected a nonstatistical sample of 15 PHAs for review as follows: (1) 4 very large, (2) 5 large that have a high number of vacant units with occupancy rates between 81.78 and 96.58 percent in HUD public housing inventory, and (3) 4 medium and 2 small that have occupancy rates below 70 percent.

Five of the 15 PHAs (4 very large and 1 large) with occupancy rates above 90 percent had a total of more than 10,000 vacant units, representing 25 percent of HUD's vacant unit inventory. The remaining 10 PHAs with occupancy rates below 90 percent (ranging between 30.86 and 89.63 percent) had a total of 2,911 vacant units as of June 2023. Because we used a targeted sampling approach, we cannot project the results of our sampling to the universe of PHAs with vacant units.

Methodology for Sampling Developments and Units

From a universe of 667 developments with at least 1 vacant-vacant unit, with nearly 15,000 vacant units across 9 very large and large PHAs, we identified and selected a nonstatistical sample of 52 public

³⁹ See appendix B for specific criteria.

⁴⁰ The PHAs had at least one vacant unit.

housing developments that had a high number of vacant-vacant units, totaling 3,376 vacant units⁴¹ for our audit universe. Of the 3,376 units, we determined that 2,769 had been vacant for more than 90 days. Using the SAS Enterprise Guide software, from each of the 52 developments with vacant units, we randomly selected a maximum of 10 vacant units, totaling 517 units that were vacant for at least 90 days for our unit observations, where applicable. Although we selected 9 PHAs for review, due to safety concerns, we did not observe 80 vacant units managed by 1 very large PHA. Therefore, we sampled 437 vacant-vacant units for our observation to assess the physical condition of the units. Because we used a targeted sampling approach to select the PHAs and developments with vacant units, we cannot project the results of our sampling to the universe of PHAs with vacant units.

Further, due to time constraints, we did not perform unit observations for the selected 6 small- and medium-sized PHAs with a total of 843 vacant-vacant units as of August 2023. However, based on discussions with staff from the local HUD field offices and the PHAs, we determined that five of the six PHAs had long-term vacant units that were uninhabitable due to natural disasters or mold, or were in the process of converting to other HUD programs under HUD's RAD program. In addition, one PHA was in the process of disposing of its public housing units.

Methodology for Determining Opportunity Cost for Operating Subsidies and Rental Revenues Due to Vacancies

HUD provides the Public Housing Operating Fund to PHAs to cover the gap between the rental revenue that public housing tenants' pay and the developments' operating costs. HUD created the Vacancy Impact on Revenue Tool using PHA operating subsidy data reported by the PHAs using HUD form 52723, to determine the opportunity cost of vacant units, due to the potential loss of operating subsidy and rent revenue.

We used the total potential loss opportunity cost from vacancies calculated by HUD to determine the additional funding PHAs could have received if they improved their occupancy. To be conservative, we modified HUD's calculation to exclude potential unearned rent revenue from HUD-approved vacant units because those units were not available to house families.

To achieve our audit objective, we relied, in part, on data provided by HUD and the selected PHAs. Although we did not perform a detailed assessment of the reliability of the data, we found the data to be sufficiently reliable for our purposes.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective(s).

⁴¹ PHAs' unit statuses change daily due to families moving in and out of units. Therefore, a unit is vacant at a point in time, subject to change or modification by PHAs.

Appendix A – Number of High-risk PHAs Required OAP by Program Size and Vacant Unit Counts

Fiscal Year 2023 OAP Tracker as of July				
PHA size	No. of PHAs with vacant units	No. of vacant units	No. PHAs of high risk (occupancy rate < = 90% OAP required)	Total No. of vacant units
Very small	338	696	68	306
Small	1,113	6,075	88	2031
Low medium	341	5,463	28	1698
High medium	172	6,912	25	3006
Large	86	14,724	15	6903
Very large	4	12,527	0	0
Total	2,054	46,397	224	13,944

Fiscal Year 2025 OAP Tracker as of May				
PHA size	No. of PHAs with vacant units	No. of vacant units	No. PHAs of high risk (occupancy rate < 90% and >=50 vacant units. OAP required)	Total No. of vacant units with High risk PHAs, OAP required
Very small	328	676	0	0
Small	1,101	6,550	8	829
Low medium	327	4,976	14	967
High medium	168	5,702	17	1854
Large	85	13,545	16	6715
Very large	4	10,373	0	0
Total	2,013	41,822	55	10,365

Appendix B – Federal Requirements

Federal Register Notice 76 FR 10136 Changes to Public Housing Assessment Subsystem (PHAS). The current management operations assessment system relies on PHA submission of a range of information that is self-certified. Under a proposed HUD rule, this current system would have been replaced with management reviews conducted of each project by HUD staff (or, where applicable, HUD's agents). Preferably, such reviews would have been conducted annually, consistent with the standards for HUD's subsidized housing programs. In its interim rule, due to concerns from commenters, HUD chose not to replace the PHA self-certification system with onsite management reviews, instead of using the management review as a diagnostic and feedback tool.

HUD's regulation at 24 CFR 5.703(a) National standards for the condition of HUD housing state that, to ensure that all residents live in safe, habitable dwellings, the items and components located inside the building, outside the building, and within the units of HUD housing must be functionally adequate, operable, and free of health and safety hazards. The standards under this section apply to all HUD housing.

HUD's regulation at 24 CFR 5.703(e)(1), states that the inside, outside and unit must be free of health and safety hazards that pose a danger to residents. Types of health and safety concerns include, but are not limited to carbon monoxide, electrical hazards, extreme temperature, flammable materials or other fire hazards, garbage and debris, handrail hazards, infestation, lead-based paint, mold, and structural soundness.

HUD's regulation at 24 CFR 902.9(a), states that each PHA will receive an overall PHAS score, rounded to the nearest whole number, based on the four indicators: Physical condition, financial condition, management operations, and the Capital Fund program. Each of these indicators contains sub-indicators, and the scores for the sub-indicators are used to determine a single score for each of these PHAS indicators. Individual project scores are used to determine a single score for the physical condition, financial condition, and management operations indicators.

HUD's regulation at 24 CFR 990.140 states that a PHA is eligible to receive operating subsidy for public housing units for each unit month that those units are under an annual contribution contract (ACC) and occupied by a public housing-eligible family under lease.

HUD's regulation at 24 CFR 990.145 states that a PHA is eligible to receive operating subsidy for vacant public housing units for each unit month the units are under an ACC and meet one of the following HUD-approved vacancies for a specific period. These categories include (1) units undergoing modernization, (2) special use units, (3) litigation, (4) disasters, (5) casualty losses, and (6) changing market conditions.

HUD's regulation at 24 CFR 990.150 states that HUD will pay operating subsidy for a limited number of vacant units under an ACC. The limited number of vacant units must be equal to or less than 3 percent of the unit months on a project-by-project basis. For a PHA with 100 or fewer units will be paid operating subsidy for up to five vacant units not to exceed 100 percent of the unit months under an ACC.

HUD's regulations at 24 Code of Federal Regulations (CFR) 5.707 state that all Public Housing Agencies (PHA) are required to annually self-inspect their properties, including all units, to ensure the units are

maintained in accordance with the national standards for the condition of HUD housing in 24 CFR 5.703. This self-inspection is independent of other HUD inspections.

HUD Notice PIH 2024-42, section 4.B, states that establishing comprehensive unit turnover protocols is critical for maintaining high standards in property management and ensuring resident satisfaction. PHAs are mandated to strategically address the management of vacant units and timely inspections within their property portfolio. Quick unit turnover is both challenging and essential, requiring a delicate balance between meeting the urgent needs of residents and maintaining sustainable, quality living conditions. Financial constraints and day-to-day operational complexities specific to public housing management contribute to a challenging process. However, the demand for affordable housing and the positive impact it has on building and sustaining communities makes quick unit turnover essential.

HUD Notice PIH 2024-42, section 4.C, states that an essential strategy for increasing and maintaining occupancy and ensuring accurate calculation of operating fund grant eligibility is to ensure that unit data in IMS-PIC and its successor system is correct. The PHA must accurately categorize units to ensure occupancy calculation is correct, and the PHA receives the right operating fund grant amount. Under 24 CFR 990.140, a PHA is eligible to receive operating subsidy for public housing units for each unit month that those units are under an ACC and occupied by a public housing eligible family under lease, an approve vacancy, and a limited number of vacancies. The occupancy rate impacts the PHA's funding level, leading to maximizing the number of families assisted.

HUD Notice PIH 2023-16, section 9.d, states that when conducting inspections, PHAs and property owners and/or agents (POAs) must ensure compliance with the affirmative requirements and the NSPIRE standards for all units, not just those that are occupied at the time of inspection.

HUD Notice PIH 2021-35, and 2024-03, section 1, states that the purpose of the notice is to ensure that PHAs maintain and submit accurate, timely, and reliable unit designations in the IMS-PIC Development Sub-Module. The IMS-PIC collects information about PHA developments, buildings, and units; therefore, information entered by PHAs into the IMS-PIC Development Sub-Module must be accurate since such information impacts their performance scores and funding levels. Section 5.4 of the notice states that PHAs are required to ensure that a unit meets the substantive requirements of a unit tenant status sub-category for the entire period that it is in the sub-category in IMS-PIC. Each sub-category corresponds to one of four categories: occupied, vacant, vacant HUD-approved, and non-dwelling.

HUD's Occupancy Mitigation Action Plan states that the Office of Field Operations will target vacancies through a risk-based approach. Nationwide, monthly OAP updates are required for PHAs that have low occupancy and significant vacancies. Additionally, networks and field offices must focus on other high-, medium-, and low-risk PHAs and developments to reduce vacancies. Using the OAP App will ensure OFO records its occupancy engagement and collects information that can be used for analysis and to identify and share best practices.