

INNOVATION, WORK, SOCIETY

STATE PROGRAMS FOR THE DEVELOPMENT
OF HOUSING CONSTRUCTION IN THE USA**Maryna Bochkarova**

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e-mail: marynabochnikova@ukr.net, orcid.org/0009-0001-8326-4401**Summary**

This article is dedicated to the analysis of federal housing development programs in the United States of America. The aim of the research is to examine the impact of these programs on providing affordable housing to various segments of the population in the context of the escalating housing affordability crisis. Throughout this scientific inquiry, methodologies such as data analysis, comparative analysis, and the evaluation of the effectiveness of government programs were employed. The findings of the study indicate that the issue of housing affordability in the USA is becoming increasingly acute, with a growing number of citizens identifying the lack of affordable housing as a key issue within their local communities. It has been established that, despite a high awareness of the need for affordable housing, there is a significant gap between the need for and the availability of such housing, necessitating active government involvement in addressing this issue. Government programs like Housing Choice Vouchers, along with other initiatives from the Department of Housing and Urban Development (HUD), play a crucial role in providing affordable housing, directing substantial efforts to support low-income families, the elderly, and people with disabilities. The increase in HUD's budget to 82 billion dollars in 2024 reflects the government's strategic vision for improving housing accessibility by ensuring high-quality housing for a broader population. Moreover, the analysis of state policy in housing construction and urban planning revealed a comprehensive approach to solving the housing affordability problem, encompassing both long-term and short-term programs aimed at various aspects of the issue. This allows for adaptation to changing economic conditions, natural disasters, or other unforeseen circumstances, ensuring stability and flexibility in affordable housing policy. The practical significance of the research lies in providing essential information for further planning and implementation of state housing development programs and supporting affordable housing.

Key words: affordable housing, government programs, housing construction, HUD, housing affordability policy.

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1. Introduction

Housing construction in the United States of America is a complex and multifaceted sector that plays a pivotal role in the socio-economic development of the nation. Recognizing the significance of accessible and quality housing for the overall well-being of the population, the U.S. federal government has developed and implemented a series of state programs aimed at stimulating the growth of the housing sector. These programs encompass a wide range of measures – from providing financial support and incentives for builders and developers to ensuring housing accessibility for low-income and vulnerable segments of the population.

The importance of these initiatives is particularly pronounced in the context of contemporary challenges such as urbanization, demographic shifts, environmental sustainability, and the need for social inclusion. Thus, U.S. government housing development programs serve as a key tool in addressing these issues, offering a comprehensive approach that considers the diverse needs of the American society. They aim not only to increase the quantity of affordable housing but also to enhance its quality, energy efficiency, and compliance with modern health and safety standards.

The aim of this study is to conduct a comprehensive analysis of the U.S. federal housing development programs, assessing their effectiveness, impact on the socio-economic development of the country, and influence on housing accessibility for various population strata. *The key tasks of the research include:* evaluating the structure and scale of funding; identifying the priorities of government programs; and examining housing construction programs and grants for vulnerable population groups.

Academic research on this topic is limited, so much of the information and analysis is based on official reports and publications from organizations such as the Bipartisan Policy Center, the Center on Budget and Policy Priorities, the Department of Housing and Urban Development (HUD), as well as other government and non-profit organizations.

Significant contributions to the research on the interaction between housing programs and health status were made by A. Fenelon, P. Mayne, A.E. Simon, L.M. Rossen, V. Helms, P. Lloyd, J. Sperling, and B.L. Steffen (2017), who analyzed the impact of housing assistance programs on the health of the adult population in the USA. C. Kim, L.M. Rossen, B. Stierman, V. Garrison, C.M. Hales, and C.L. Ogden (2024) demonstrated the connection between federal housing assistance and chronic diseases among American adults from 2005 to 2018.

The study also utilized expert literature and analyses published in contemporary online publications such as Novogradac, Redfin, and Pew Research Center, which highlight current aspects and challenges in the U.S. housing construction sector, particularly issues of housing affordability, changes in legislation, and the impact of housing programs on the socio-economic status of citizens.

Despite the ample number of official reports and analytical materials on this topic, there is a lack of deeply systematized academic material that combines various aspects of housing construction and its impact on society. This underlines the need for further research that employs various scientific methods of inquiry for a comprehensive analysis, systematization, and interpretation of data with the goal of developing effective strategies and policies in this crucial area. Trend analysis was employed within the study to identify the main trends in the development of housing construction in the USA, including changes in funding and construction volumes.

2. Exploring the Issue of Housing Affordability in the USA

The issue of housing affordability in the United States of America is gaining particular relevance in the context of the country's socio-economic development. Statistical data indicates a continuous increase in the proportion of citizens who consider housing affordability one of the most significant problems in their local communities. According to surveys, nearly half of the respondents (49%) state that the lack of affordable housing is their primary concern, an increase of 10% from five years ago. This highlights a significant intensification of the housing affordability situation in recent years (Schaeffer, 2022).

The high cost of housing becomes a substantial barrier for young Americans. 70% of respondents indicate that today's youth face greater difficulties in purchasing housing than previous generations (Schaeffer, 2022). Understanding these data and examining the U.S. government's housing development programs is essential for developing effective strategies to address this issue.

Despite a noticeable increase in awareness of the need for affordable housing among American citizens, an analysis of the actual demand in the housing market over the last 5 years shows a relatively stable trend with significant fluctuations. This is paradoxical, considering the general societal perception of the problem. Statistical data tracking the willingness of citizens to purchase housing, even at prices slightly above market rates, indicate a certain gap between the stated need for affordable housing and the actual readiness to buy. This points to a complex influence of economic, social, and psychological factors that limit the activity of potential buyers in the housing market. Specifically, these could include high costs of financing, income instability, and a certain distrust of future economic prospects (Redfin, 2024).

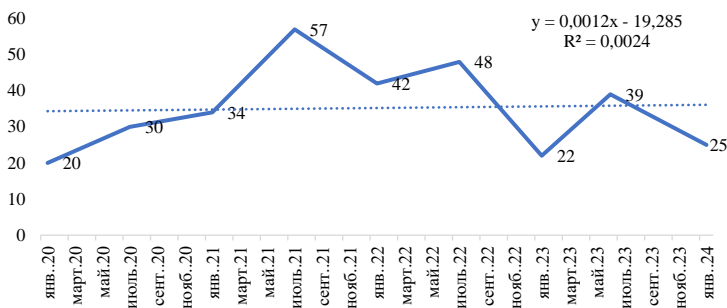


Fig. 1. Willingness to purchase housing at slightly inflated prices among the U.S. population, %

Note: Compiled from Redfin statistics (2024)

The issue of a deficit in decent, safe, hygienic, and affordable housing in the United States is not new. However, there are periods when this problem becomes particularly acute, causing significant negative consequences for individual households and local communities at large. The present time can be considered one of such critical moments.

Many low-income renters spend a substantial portion of their income, exceeding the recommended threshold of 30%, on housing payments (Bipartisan Policy Center, 2012). The threat of homelessness becomes more relevant for a broader spectrum of people, including families facing economic hardships that do not diminish over time. For these vulnerable population

categories, the state continually develops and implements comprehensive strategies (*Bipartisan Policy Center, 2012*).

As noted in the report by the Joint Center for Housing Studies of Harvard University (2023), the construction industry is experiencing a slowdown in new construction funded by state resources. In contrast, multi-family construction has shown exceptional resilience, with a sharp increase in the number of initiated projects, reaching the highest levels since the 1980s. The number of multi-family units under construction continues to grow, partly due to the longer completion time caused by the rising cost of building materials and the preference for constructing large apartments in urban areas (*Joint Center for Housing Studies of Harvard University, 2023*).

3. Analysis of U.S. Federal Housing Development Programs

The federal housing development programs in the U.S. are designed to meet the needs of diverse population groups, taking into account their gender, age, racial, and geographic characteristics. Broadly speaking, the policy is aimed at supporting a significant majority of women among the potential beneficiaries, considering their needs, especially in the context of single mothers and female veterans.

From an age structure perspective, considerable attention is given to the younger generation, including children and youth up to 24 years old, with the goal of providing them with stable conditions for development and socialization. The programs are also tailored to the needs of working-age individuals and elderly citizens, particularly through providing affordable housing conditions that take into account the specific needs of older people.

The racial and ethnic component of the programs reflects a diversified approach to addressing housing needs, with special attention to African Americans, Latinos, and other minorities, reflecting efforts to reduce inequality and segregation in the housing sector.

Geographically, the programs are developed considering the specifics of urban, suburban, and rural areas, responding to the varied challenges and needs characteristic of each of these regions. In urban areas, the focus is on combating high population density and limited housing availability, while in rural areas, the emphasis is on supporting infrastructure and access to services (Fig. 2).

A key element of government policy in the field of housing construction and urban development is the Department of Housing and Urban Development (HUD) program. It was established in 1965 in response to the growing need for an organized and systematic approach to urban environment development and providing affordable housing for American citizens (*HUD, 2024*).

According to published data, in 2024, the program's budget will increase to a record \$81.4 billion, reflecting the government's strategic vision in achieving long-term goals of providing affordable and quality housing for broad segments of the population. This increase in funding is a reflection not only of responding to current needs but also of anticipating future challenges in the housing sector, making the HUD program one of the key tools of state policy in the field of housing construction and urban development (Fig. 3).

Housing construction and support programs in the United States encompass a wide range of initiatives aimed at providing affordable housing for various population groups. The structure of funding for these programs is presented in Fig. 4.

Let's examine these programs in more detail.

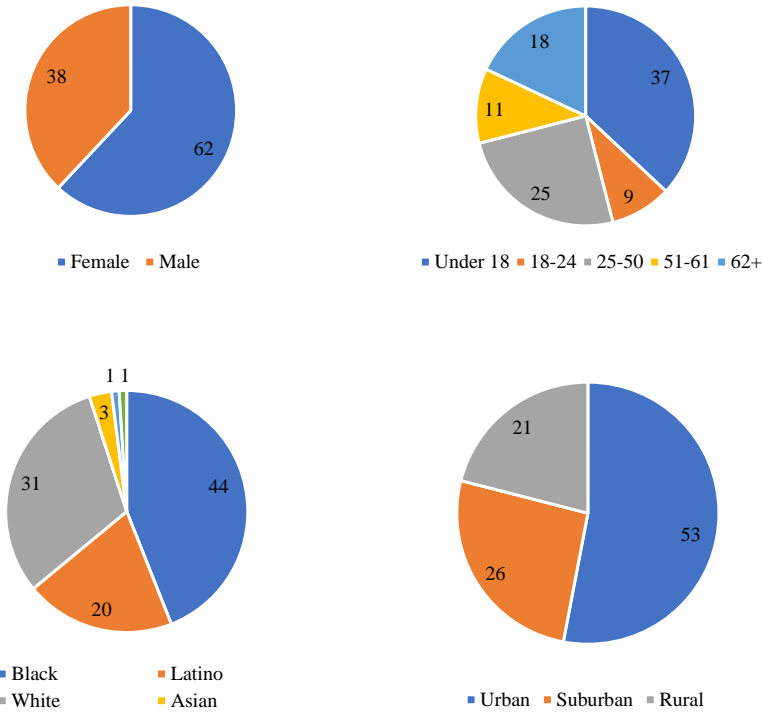


Fig. 2. Priorities of U.S. government programs in funding different population categories, %

Note: Systematized by the author (Center on Budget and Policy Priorities, 2021)

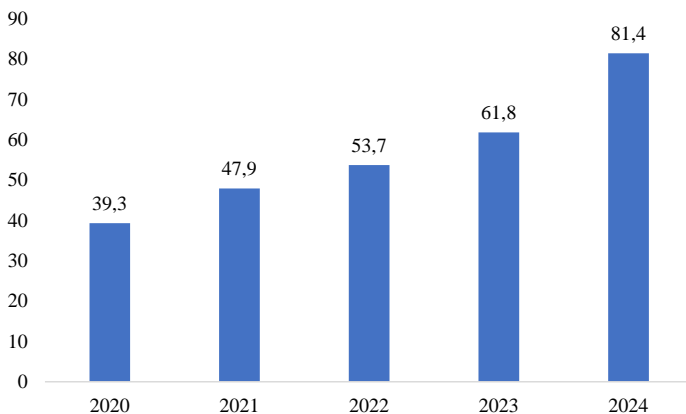


Fig. 3. HUD fund financing from the federal budget, USD billion

Note: Systematized by the author based on materials from the Department of Housing and Urban Development (2020) and Lawrence, P. (2024)

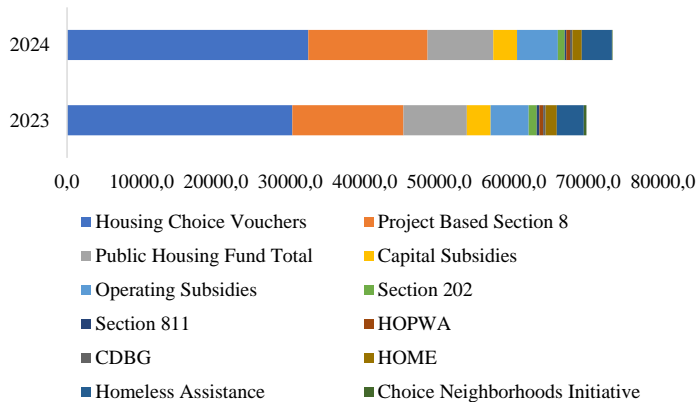


Fig. 4. Funding for housing construction by various HUD programs in 2023–2024, USD million

Note: Systematized by the author based on materials from Lawrence, P. (2024)

- Housing Choice Vouchers (HCV): this most-funded program, also known as the "Section 8" program, provides vouchers to low-income families, elderly individuals, and people with disabilities to assist with renting housing in the private market. Program participants pay a portion of the rent (typically 30% of their income), and the voucher covers the rest. In 2024, the government allocated \$32.3 billion to this program.
- Project-Based Section 8: this differs from the Housing Choice Vouchers in that assistance is provided directly to housing properties to supply a certain number of housing units to low-income renters at reduced rates. Funding for this program in 2024 amounts to \$16 billion.
- Public Housing: this program involves the construction and management of government-owned housing complexes for low-income families, the elderly, and individuals with disabilities. The U.S. government allocated \$8.8 billion to this program in 2024.
- Capital Subsidies: funding aimed at supporting the construction, reconstruction, or modernization of public housing. The U.S. government allocated \$3.2 billion to this program in 2024.
- Operating Subsidies: subsidies provided to cover the costs of operating and managing public housing. The U.S. government allocated \$5.4 billion to this program in 2024.
- Section 202: a program aimed at supporting the construction and management of housing for low-income elderly individuals. The U.S. government allocated \$900 million to this program in 2024.
- Section 811: similar to Section 202, but aimed at individuals with disabilities. The U.S. government allocated \$208 million to this program in 2024.
- HOPWA (Housing Opportunities for Persons with AIDS): provides housing support and related services to individuals living with HIV/AIDS and their families. The U.S. government allocated \$505 million to this program in 2024.
- CDBG (Community Development Block Grants): general grants that give local governments flexibility in funding community development projects, including housing construction and improvements. The U.S. government allocated \$330 million to this program in 2024.
- HOME (HOME Investment Partnerships Program): provides grants to states and local governments to support the construction, purchase, and rehabilitation of affordable housing

for low-income individuals. The U.S. government allocated \$1.25 billion to this program in 2024.

- Homeless Assistance: includes various programs to provide temporary shelter, assistance in finding permanent housing, and other services for homeless individuals. The U.S. government allocated \$4.051 billion to this program in 2024.

- Choice Neighborhoods Initiative: this initiative aims to transform and revitalize low-income neighborhoods, improve housing conditions, enhance the quality of life, and promote economic development. The U.S. government allocated \$75 million to this program in 2024.

4. Grant Programs for Housing Construction and Related Sectors

Within the framework of the housing development and urban planning policy, the United States implements a series of grant funding programs aimed at addressing a wide range of tasks in this area. These programs are intended to provide a comprehensive approach to solving problems related to affordable housing, urban development, support for vulnerable population groups, and stimulating socio-economic growth.

The "Community Planning and Development" (CPD) program focuses on supporting the sustainable development of communities through various grants and initiatives that encourage economic renewal, infrastructure development, and affordable housing. Let's examine the key objectives of the program.

Table 1

Some directions of the Community Planning and Development program related to the creation of new housing

Program	Description
Capacity Building for Community Development and Affordable Housing (Section 4)	Strengthens the ability of community-based organizations to develop affordable housing.
Federal Surplus Property for Use to Assist Persons Experiencing Homelessness (Title V)	Allows homeless assistance providers to utilize federal surplus property.
HOME Investment Partnerships	Supports affordable housing through partnerships with local communities.
Housing Opportunities for Persons with AIDS (HOPWA)	Provides resources and support to address the housing needs of people with AIDS.
Housing Trust Fund	Finances the creation of affordable housing for low-income households.
Rural Capacity Building for Community Development and Affordable Housing Grants Program	Increases the capacity of rural communities to develop affordable housing.
Self-Help Homeownership Opportunity Program (SHOP)	Supports homeownership through self-help initiatives.
Self-Help Housing Property Disposition Program	Sells HUD properties to facilitate self-help projects in the field of housing construction.

Note: Systematized by the author based on materials from U.S. Department of Housing and Urban Development (2023)

The Federal Housing Administration (FHA) facilitates improved access to housing loans through mortgage insurance programs, thereby reducing risks for lenders and making mortgage loans more accessible to American families.

Single-family housing programs include a range of initiatives that support the purchase, construction, and renovation of single-family homes, including subsidized mortgage programs and loans for housing improvements.

Table 2

Some directions of single-family housing programs

Program	Description
Single-Family Housing Programs	A set of programs aimed at various aspects of single-family housing.
Energy Efficient Mortgage Program	Promotes energy efficiency in homes through favorable mortgage terms.
Good Neighbor Next Door	Offers significant discounts on homes for police officers, teachers, firefighters, and emergency medical personnel.
Single Family Property Disposition Program (Section 204(g))	Promotes the sale of single-family properties owned by HUD.

Note: Systematized by the author based on materials from U.S. Department of Housing and Urban Development (2023)

Multi-family housing programs aim to provide affordable housing for low- and middle-income families by supporting the construction and maintenance of multi-family housing complexes through various forms of financial assistance and incentives for developers.

Table 3

Some directions of multi-family housing construction programs

Program	Description
Mark-to-Market Program (M2M)	Reduces debt on FHA-guaranteed loans for multifamily projects with defaulted loans to avoid eviction.
Mortgage Insurance for Rental Housing for the Elderly (Section 231)	Supports the construction and renovation of rental housing specifically for the elderly.
Multifamily Housing Service Coordinators	Coordinates supportive services for residents of multifamily housing projects to improve living conditions and independence.
Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(3) and (4))	Promotes the construction and renovation of rental housing for middle-income families.
Renewal of Section 8 Project-Based Rental Assistance	Provides rental assistance contract extensions for low-income families in multi-family housing projects.
Supportive Housing for the Elderly (Section 202)	Provides capital advances and rental assistance for the development of housing for low-income seniors.
Supportive Housing for Persons with Disabilities (Section 811) and the Section 811 Project Rental Assistance (PRA) program	Offers capital advances and rental assistance for supportive housing projects for persons with disabilities.

Note: Systematized by the author based on materials from U.S. Department of Housing and Urban Development (2023)

Temporary programs respond to specific needs and crisis situations such as economic downturns, natural disasters, or pandemics, providing additional funding, temporary relief, or special initiatives to support the resilience and recovery of the housing sector.

Table 4

Some temporary construction programs for low-income individuals

Program	Description
Rental Assistance Demonstration Program (RAD)	Transforming public housing into more sustainable models based on Section 8.
Tribal HUD-VASH	Expanding the HUD-VASH program for Native American veterans.
Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015	Inclusion of provisions affecting housing and community development.
Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP)	Focus on housing modifications and rehabilitation for veterans.
Fixing America's Surface Transportation Act	Measures affecting transportation infrastructure and related aspects of housing.
Youth Homelessness Demonstration Program	Addressing youth homelessness through innovative approaches.
Recovery Housing Program (RHP)	Providing stable housing for people recovering from addiction.
The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	Providing emergency relief funds for individuals and businesses affected by the COVID-19 pandemic.
Public and Indian Housing Programs	Focus on housing assistance and development for public and Native American housing.
Community Planning and Development Programs	Inclusion of programs for the development of urban and rural communities.
Housing Programs	Coverage of a variety of housing assistance and development initiatives.
American Rescue Plan Act of 2021	Providing additional relief and funding in response to the COVID-19 pandemic.

Note: Systematized by the author based on materials from U.S. Department of Housing and Urban Development (2023)

Collectively, these programs create a comprehensive support system aimed at providing affordable and quality housing for Americans, stimulating community development, and responding to current social and economic challenges (*U.S. Department of Housing and Urban Development, 2023*).

The analysis of U.S. public policy programs in the field of housing construction and urban planning reveals their comprehensive and multifaceted nature, aimed at addressing the challenges of affordable housing, stimulating socio-economic growth, and supporting vulnerable population groups. These programs underscore an integrated approach to community development, providing not only housing infrastructure but also social support and economic activation, reflecting a strategic vision for the long-term development of society and sustainable

urbanization. An important component is also the adaptation to changing conditions, ensured through flexible and temporary initiatives, allowing for an effective response to crisis situations and the specific needs of various communities.

5. Conclusions

The analysis of data on housing affordability in the United States of America indicates a significant intensification of this issue in recent years, with a continuous increase in the proportion of citizens who consider the lack of affordable housing as the main problem in their local communities. On one hand, there is a high awareness of the need for affordable housing, but on the other, there is a gap between the stated need for affordable housing and the actual possibility of purchasing it.

Government programs, such as Housing Choice Vouchers and other initiatives from HUD, aimed at providing affordable housing for various population segments, including low-income families, the elderly, and people with disabilities, demonstrate significant government efforts to address this issue. The increase in the HUD program budget to \$82 billion in 2024 reflects the strategic vision of the state in providing affordable and quality housing for broad segments of the population, despite existing challenges.

The public policy of the United States in the field of housing construction and urban planning is characterized by the implementation of a comprehensive set of programs that include both permanent and temporary initiatives aimed at various aspects of addressing affordable housing problems and community development. These programs are designed to support infrastructure development, reduce risks for lenders, and provide flexibility in responding to urgent needs through temporary initiatives in response to economic downturns, natural disasters, or pandemics.

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