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HOUSING

Denver, most others won't issue vouchers

Higher rents, fund shortfalls, federal changes take a toll

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Public housing agencies across Colorado are not handing out new housing vouchers this year for low-income residents as they reckon with budgetary shortfalls.

The federal Housing Choice Voucher Program — also known as Section 8 — helps low-income families, elderly individuals, veterans and those with disabilities afford housing in the private market. Program participants have their rent partially covered by a subsidy paid directly to the landlord. The family pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

The program, funded by the U.S. Department of Housing and Urban Development and administered in Colorado by more than 68 public housing agencies, has never been able to meet the needs of all the people in the state who are eligible to receive vouchers. Residents can languish on waiting lists for years. Others throw their names in a lottery year after year, hoping their numbers will be drawn this time.

But this year, many local housing departments say they can't give out a single new voucher — and haven't issued any so far in 2025 — mainly because of rising rents and not enough federal dollars.

Note

The Denver Housing Authority, which manages about 8,000 current voucher participants, spent more than $167 million on the Housing Choice Voucher program in 2025 — nearly half of DHA's annual budget. One hundred percent of the program's funding comes from the federal housing department.

In September the agency held its annual voucher lottery for the coming year. Every fall, up to 30,000 people enter applications.

Seven months later, however, HUD informed the housing authority that it projected a funding shortfall for DHA. This prompted the federal government to impose a series of cost-cutting measures to bring the numbers back in line, DHA announced for the first time in its summer newsletter.

The Denver Housing Authority, under this plan, agreed to:

- Not give out new vouchers in 2025.
- Impose a 60-day limit to use existing vouchers.
- Not accept out-of-town vouchers.
- Not allow existing voucher holders to move to more expensive areas of the city.
- Not allow existing voucher holders to move to more expensive units within Denver.

DHA also asked landlords to forgo rent increases or keep their increases low this year. About half of housing providers who requested to bump up their rents are cooperating with this request, said Loretta Owens, the Denver Housing Authority's director of the Housing Choice Voucher Program. The other half declined the appeal.

"We're hoping that all our efforts are successful and we can avert a funding shortfall," Owens said in an interview.

On top of these new restrictions, recent federal changes mean DHA won't be able to spend as much to help people with their rent.

The federal government in the fall lowered the "Fair Market Rent" for metro Denver, the average rent used to figure out how much vouchers can cover. As a result, DHA changed its Voucher Payment Standard — the most the agency can pay toward someone's rent — to align with the new federal figures. The new limit will match 100% of HUD's Fair Market Rent — down from 114%.

"This could affect which homes you can afford with your voucher," DHA said in the newsletter outlining these changes.

For example, a one-bedroom under the 2025 Fair Market Rent is pegged at $1,789 a month, compared with $1,835 last year. A two-bedroom this year goes for $2,140, compared with $2,201 last year. The decrease means DHA may cover less of the rent. If rent stays the same, the agency said, tenants might have to pay more.

These adjustments do not affect existing lease agreements, DHA said. New voucher holders and those looking to move, however, will need to look for units within the new monetary limits.

Funding shortfalls across Colorado

Denver is hardly the only Colorado city battling funding issues for its affordable housing programs.

Colorado Springs, the state's second-most-populated city, says its housing authority received directives from HUD in December to pause issuance of new Housing Choice Vouchers.

The Colorado Springs Housing Authority opened its voucher waiting list in July to "maintain consistency and expectations in our community" and ensure the waiting list is current when vouchers can once again be issued, said Paul Spencer, the agency's deputy director, in an email.

Arvada's housing authority has a projected budget shortfall of nearly $1 million, the city said in its 2025 annual report, and will not issue new vouchers this year. The agency attributed the shortfall to HUD not including an inflation factor in its 2025 budget, as well as rising rents.

"HUD has made it clear that they have very limited funds to address (Housing Choice Voucher) shortfalls in 2025, and housing authorities should not operate their programs under the assumption that such funds will be available," the city said in its annual report. "HUD has encouraged housing authorities to decrease the number of households served in anticipation of future funding cuts."

Arvada, based on federal recommendations, needs to prepare for a reduction of approximately 55 households in the program, housing officials said.

Housing Catalyst, the housing authority covering Fort Collins and northern Colorado, hasn't opened its voucher waiting list since 2023, a spokesperson said. People typically spend two to five years on the list before receiving a voucher.

"We continue to issue vouchers as funds are available, but with rising rents and uncertain federal funding, our opportunity to issue new vouchers is limited," said Rachel Gaisford, an agency spokesperson, in an email.

Foothills Regional Housing, which covers Jefferson County, said it hasn't pulled from its 5,884-family waiting list since 2022 and won't be taking anyone new this year. Boulder Housing Partners says it won't be opening its lottery. Englewood's housing department also is not issuing new vouchers.

The Colorado Division of Housing, which serves more than 8,000 households every year through its voucher program, said it has paused issuing new vouchers since last year as a result of "funding limitations."

The state continues to issue Veterans Affairs Supportive Housing turnover vouchers and fill vacant Project-Based Voucher units, as these are not affected by the current voucher freeze, said Chynna Cowart, a Division of Housing spokesperson, in an email.

The only city polled by The Denver Post that said it would issue new vouchers this year: Sheridan. The 6,000-person Denver suburb plans to serve 10 to 15 new families this year, a spokesperson said.

Federal changes loom

Colorado public housing officials are bracing for even further upheaval at the national level.

Note

President Donald Trump's efforts to shrink the federal government could include massive changes to HUD and its rental assistance programs. One of the biggest proposed moves: a two-year limit for individuals using housing vouchers.

HUD Secretary Scott Turner, at a June congressional hearing, argued that policies such as time limits will fix waste and fraud in public housing and Section 8 voucher programs.

"It's broken and deviated from its original purpose, which is to temporarily help Americans in need," Turner said. "HUD assistance is not supposed to be permanent."

If families were cut off after two years, 1.4 million households — largely working families with children — could lose their vouchers and public housing subsidies, according to research from New York University.

Turner and three other Cabinet members in May called on Congress to enact work requirements across a bevy of welfare programs, including federal housing assistance.

The U.S. Senate Committee on Appropriations on July 24 approved its fiscal year 2026 Transportation, Housing and Urban Development spending bill, which would provide HUD $73.3 billion next year — over $5.5 billion more than the funding level proposed in the House's bill.

The proposal rejects the substantial spending cuts and drastic policy changes included in the Trump administration's funding request, including the proposal to redesign rental assistance.

Appropriators will now work to reconcile the differences between the House and Senate bills and come to a final funding agreement by Oct. 1.

The budget outlook for public housing agencies in Colorado and around the country is not likely to get better anytime soon, said Deborah Thrope, deputy director of the National Housing Law Project, a nonprofit housing and legal advocacy center.

She's seeing local housing authorities across the country deal with budget shortfalls and widespread uncertainty, making it difficult to know what's coming down the pike.

"The challenges facing public housing agencies are unprecedented," she said.

Ultimately, Thorpe said, it's the people who receive federal assistance for housing who will bear the brunt of policy changes such as time limits for vouchers and work requirements. Those two proposals will do nothing but cut people from the program, she said.

"Time limits don't help people afford housing," Thorpe said. "These are very harmful proposals."