

Public housing benefits are rationed through waitlists. This paper argues that the range of allocation policies used across U.S. cities involves a trade-off between two policy objectives: maximizing welfare gains for tenants, and targeting the most economically disadvantaged applicants. Using waitlist data from Cambridge, MA, I develop and estimate a model of public housing preferences in a setting where heterogeneous apartments are rationed through waiting time. Counterfactual simulations show that the preferred mechanism depends on social preferences for redistribution. However, many cities use systems that would be suboptimal in Cambridge for any value of redistribution.