

NLIHC'S ANALYSIS OF FINAL FY26 APPROPRIATIONS BILL FOR HUD PROGRAMS



OVERVIEW

Congressional Appropriators released on January 20 the [text](#) of a final fiscal year (FY) 2026 spending bill for Transportation, Housing, and Urban Development (THUD) programs; lawmakers passed and President Trump signed the final spending bill into law on February 3. Overall, the bill provides over \$77.3 billion for HUD programs in FY26, an over \$7.2 billion increase over the previous fiscal year. This is significantly more than the \$3.3 billion increase for HUD programs provided in the Senate's FY26 spending bill; the House FY26 bill proposed cutting HUD programs by \$2.2 billion.

Key rental and homelessness assistance programs received funding increases, including some of NLIHC's top priorities:

- \$34.9 billion is provided for renewing Tenant-Based Rental Assistance (TBRA) contracts, including for the Housing Choice Voucher (HCV) program. This level should be sufficient to ensure the renewal of existing TBRA contracts.
- Appropriators provided approximately \$601 million for new Tenant Protection Vouchers (TPVs), a \$264 million increase from the previous year. The bill includes language allowing HUD to use TPV funding to ensure no one with an Emergency Housing Voucher (EHV) loses assistance in 2026.
- Homeless Assistance Grants (HAG) programs will receive over \$4.4 billion, a \$336 million increase from the previous year. This increase is specifically for HUD's Continuum of Care (CoC) program, funded at \$4.01 billion; the Emergency Solutions Grant (ESG) program received level funding, \$290 million. While increased funding for the CoC program is welcome, it is still less than what the National Alliance to End Homelessness estimates will be required to ensure full funding renewals for all programs. The bill also includes important policy provisions related to HUD's FY24/25 and FY26 CoC Notice of Funding Opportunity (NOFO), included in the detailed analysis below.
- Appropriators maintained funding for the Indian Housing Block Grant (IHBG) program, at just over \$1.1 billion; however, the bill provides slightly less funding for the IHBG-Competitive program, which received \$125 million, a \$25 million decrease from last fiscal year.
- The Eviction Protection Grant Program (EPGP) will receive \$7.5 million.
- Unfortunately, funding for both public housing operations and public housing capital needs decreased by \$477 million and \$210 million, respectively. Public housing operations will receive \$5.02 billion in FY26, and \$3.2 billion will be provided for capital needs in public housing.

View NLIHC's updated FY26 budget chart for key HUD programs [here](#), and review the text of the FY26 THUD bill [here](#).

Increased funding in the final FY26 HUD spending bill is thanks to the hard work of advocates around the country, who reached out to their members of Congress to make their voices heard and protect funding for vital HUD programs.

It is also thanks to the continued bipartisan, bicameral work of House and Senate Appropriators and their staff, including Senate Appropriations Committee Chair Susan Collins (R-ME) and Vice Chair Patty Murray (D-WA), Senate THUD Subcommittee Chair Cindy Hyde-Smith (R-MS) and Ranking Member Kirsten Gillibrand (D-NY), House Appropriations Committee Chair Tom Cole (R-OK) and Ranking Member Rosa DeLauro (D-CT), and House THUD Subcommittee Chair Steve Womack (R-AR) and Ranking Member James Clyburn (D-SC).

DETAILED ANALYSIS

Tenant-Based Rental Assistance

The FY26 HUD spending bill increases funding for Tenant-Based Rental Assistance (TBRA) programs to \$38.4 billion, approximately \$2.39 billion more than the funding provided the previous fiscal year, and more than either the House or Senate FY26 proposals provided. This includes over \$34.9 billion for TBRA contract renewals, which should be sufficient to cover the cost of renewing existing rental assistance contracts. Because the cost of rent increases every year, it is crucial that TBRA programs receive increased annual funding to maintain the number of families served.

The bill also increases funding for the Tenant Protection Voucher (TPV) program to approximately \$600.6 million, an increase of \$264 million. Appropriators included language allowing HUD to use TPV funding to ensure no one with an EHV loses assistance in 2026; however, advocates will need to continue pushing for additional resources in the FY27 HUD bill to prevent a funding cliff next year.

The *American Rescue Plan Act of 2021* allocated \$5 billion for about 70,000 new EHVs targeted specifically to people experiencing or at risk of homelessness, and people fleeing domestic violence, sexual violence, stalking, or trafficking. The program provided additional administrative flexibilities and mandated partnership between PHAs and CoCs in distributing assistance, which helped increase voucher uptake. While successful, funding for the program is running out more quickly than anticipated. The additional TPV funding and administrative flexibilities provided in the final FY26 HUD bill will help maintain assistance through the end of this year, but more will be needed in FY27 to ensure no EHV holders lose their assistance.

Appropriators also provided \$15 million in funding for the Veteran Affairs Supportive Housing (VASH) program, and \$10 million for the Tribal-VASH program, an increase of \$2.5 million from the previous year. Family Unification Program (FUP) vouchers received level funding, \$30 million.

Homelessness Assistance

The final FY26 THUD bill provides \$4.42 billion for Homeless Assistance Grants (HAG), an overall increase of \$366 million. This includes \$290 million for the Emergency Solutions Grants (ESG) program, level funding from the previous year, and \$4.01 billion for the Continuum of Care (CoC) program, a \$466 million increase for CoC funding.

In addition to funding, the final FY26 bill includes important policy provisions for which NLIHC and our allies and partners have been advocating. The bill establishes a timeline by which HUD will need to non-competitively renew existing CoC grants awarded to communities:

- It requires HUD to non-competitively renew for 12 months all grants that have expired or will expire January 1-March 31, 2026.
- If awards are not made by April 1, HUD must non-competitively renew all existing CoC grants expiring April 1-June 30, 2026.
- If awards are not made by July 1, HUD must non-competitively renew all existing CoC grants expiring July 1 or later.

The bill also requires HUD to issue its CoC NOFO for FY26 no later than June 1, 2026, and award funding no later than December 1, 2026. Language in the final bill requires HUD to award at least 60% of FY26 CoC NOFO funding to “Tier 1” projects. Learn more about the CoC and other provisions impacting homelessness services and resources [here](#).

Public Housing

The final FY26 HUD spending bill decreases funding for public housing capital needs by \$210 million, for a total of \$3.2 billion. Appropriators also provided level funding of \$30 million for grants to support emergency capital needs in public housing, including disaster-related repairs and repairs related to public safety and security. The bill provides \$50 million for grants related to the control, removal, and abatement of residential health hazards in public housing, including lead-based paint, carbon monoxide, mold, radon, and fire hazards.

Funding for public housing operations would also decrease by \$477 million, for a total of \$5.02 billion in FY26. This includes \$4.69 billion for HUD’s public housing operating fund formula grants, and \$337 million for a needs-based grant for PHAs experiencing or at risk of financial shortfall.

Decades of Congress chronically underfunding the nation’s public housing stock has created a massive capital needs backlog in public housing, with some studies estimating it would take as much as \$169 billion to address the backlog. Cuts to public housing capital needs and operating accounts leave housing authorities with insufficient funding to make needed repairs and carry out mitigation efforts, exposing families to unsafe, uninhabitable living conditions like mold, pests, radon, and other hazards.

Eviction Protection Grants

Appropriators provided \$7.5 million for the continuation of HUD's Eviction Protection Grant Program (EPGP), which allocates funding to communities to provide people facing eviction with legal aid services and other resources to help them remain in their homes or, in cases where avoiding eviction is not possible, to mitigate the harm of an eviction record.

Native Housing

Funding for the Indian Housing Block Grant (IHBG) program remains level in FY26, at just over \$1.1 billion; however, the bill decreases funding to the IHBG-Competitive program by \$25 million, for a total of \$125 million. The final bill also provides a slight increase to the Native Hawaiian Housing Block Grant program, funded at \$22.3 million in FY26.

Project-Based Rental Assistance

The final FY26 HUD spending bill provides \$18.5 billion for Project-Based Rental Assistance (PBRA) programs, an increase of over \$1.65 billion from the previous year. As with TBRA, increased funding for PBRA is crucial to maintain the level of services provided to households in need. PBRA also helps finance the construction and operation of affordable housing units, so increased funding for the program helps increase the supply of deeply affordable rental housing.

Section 202 & Section 811

The Section 202 Housing for the Elderly program received \$1.03 billion, a \$100 million increase from the previous fiscal year. This funding includes \$122 million for service coordinators, who provide supportive services for older adults living in Section 202 properties. Appropriators provided \$287 million for the Section 811 Housing for Persons with Disabilities program in FY26, an increase of \$31 million. Section 202 and Section 811 are vital sources of funding for the development and operation of affordable, accessible rental homes for older adults and people with disabilities.

Community Development Funds

The final FY26 THUD spending bill provides over \$6.99 billion for HUD's Community Development Fund, including level funding of \$3.3 billion for the Community Development Block Grant (CDBG) formula program, and over \$3.6 billion for Economic Development Initiative (EDI) projects, better known as "earmarks." The previous HUD spending bill was a year-long continuing resolution and did not include funding for EDI projects.

The PRO-Housing Competition, a grant program to help incentivize communities to adopt more inclusionary zoning practices that encourage affordable housing development, would receive \$50 million, a decrease of \$50 million from the previous year.

HOME Investment Partnership Program

The HOME Investment Partnership (HOME) program would receive \$1.25 billion in FY26, level funding from the previous year. The House's FY26 THUD bill and the President's FY26 budget proposal would have zeroed out funding for the HOME program.

Fair Housing

Appropriators provided \$86.4 million for HUD's fair housing activities, including \$26.4 million for the Fair Housing Assistance Program (FHAP) and \$56 million for the Fair Housing Initiatives Program (FHIP). The bill also includes \$1 million for HUD to create and promote translated materials and other resources for people with limited English proficiency.

Other HUD Programs

HUD's Housing Opportunity for Persons with AIDS (HOPWA) program is funded at \$529 million in FY26, an increase of \$24 million from the previous fiscal year.

The Office of Lead Hazard Control and Healthy Homes grants would receive \$296 million in FY26, a cut of \$49 million from the previous year.

The Preservation and Reinvestment Initiative for Community Enhancement (PRICE) program, which received \$10 million in the previous fiscal year, did not receive funding in the final FY26 spending bill.

The Family Self-Sufficiency (FSS) program received \$156 million in FY26, a \$15 million increase from last year.

HUD's Housing Counseling Assistance program received level funding from the previous year, \$57.5 million.

USICH

The final FY26 THUD spending bill provides \$3 million for the continued operation of the U.S. Interagency Council on Homelessness (USICH), which is responsible for coordinating the federal government's response to homelessness across departments and agencies. While this represents a \$1 million funding cut from the previous year, USICH would not receive funding in the House FY26 bill or in the Trump Administration's FY26 budget proposal.

Other Provisions

The final FY26 THUD spending bill does not include the harmful policies proposed in the House's bill, which would have increased PHA's ability to implement harmful new requirements around work reporting, time limits, or minimum rent increases; allowed funds to be withheld from communities with "sanctuary city" policies; undermined efforts to increase energy efficiency in HUD properties; and repealed the 30-day eviction notice requirement for HUD-assisted households.

The bill includes language reiterating HUD's obligation to conduct rulemaking in accordance with existing law and regulations, "including providing for public participation and not less than 60 days for the submission of written comments" for proposed rules.

For questions or more information, please contact outreach@nlihc.org.

