NATIONAL LOW INCOME HOUSING COALITION

NLIHC'S ANALYSIS OF SENATE FY27 APPROPRIATIONS BILL FOR HUD PROGRAMS

OVERVIEW

The Senate Appropriations Committee released on November 16 their fiscal year (FY) 2027 Transportation, Housing and Urban Development (THUD) spending bill, which provides annual funding for HUD's vital affordable housing, homelessness, and community development programs. Overall, the bill would provide around $77 billion for HUD, roughly level funding with amount provided for HUD programs in FY26 but an increase of about $6 billion from the levels provided for HUD in the House's FY27 spending bill. For details, see NLIHC's updated budget chart.

Overall, the Senate's FY27 appropriations bill for HUD programs:

- Provides $36.8 billion for contract renewals under the Tenant-Based Rental Assistance (TBRA) program, an increase of $1.9 billion from the final FY26 spending bill; this may be sufficient to renew current TBRA contracts.
- Provides $4.7 billion for Homeless Assistance Grants (HAG) programs. The Emergency Solutions Grants (ESG) program would receive $315 million, an increase of $25 million from FY26 enacted levels. The bill would provide $4.26 billion for HUD's Continuum of Care (CoC) programs, an increase of $246 million from FY26. While the bill does establish a timeline by which HUD would be required to announce and release FY27 CoC awards, it does not include language that would renew expiring FY26 CoC grants for a 12-month period, a provision that NLIHC and our colleagues at the National Alliance to End Homelessness (the Alliance) are urging Congress to include to ensure over 97,000 people who had previously been experiencing homelessness do not lose their housing assistance.
- Provides $3.2 billion – level funding from FY26 funding – for public housing capital needs. The Senate bill would provide $5.1 billion for the public housing operating fund, an increase of about 2.5% from FY26 enacted levels.
- Provides slight funding increases to HUD's Section 811 Housing for Persons with Disabilities program and Section 202 Housing for the Elderly program of 4.8% and 1.75%, respectively, for a total of $301 million for Section 811 and $1.05 billion for Section 202. The challenges of finding an affordable, available home are compounded for people who also need an accessible home. Programs like Section 811 and Section 202 help communities afford the cost of building, operating, and maintaining deeply affordable, accessible homes.

- Allocates $1.11 billion for HUD's Indian Housing Block Grant (IHBG) program, flat funding from the FY26 enacted spending bill. The IHGB-Competitive program would also receive level funding, $125 million.
- Does not include funding for HUD's Eviction Protection Grant Program (EPGP), which provides communities with grants to establish right-to-counsel and other services to help households facing eviction remain in their homes.

With both the House and Senate FY27 THUD spending bills released, under the typical funding cycle congressional appropriators would have months to negotiate, draft, and pass a final FY27 spending bill for HUD programs. However, lawmakers have just over four weeks before the end of the 119th Congress, and the continuing resolution (CR) currently funding federal programs and services expires on December 11. The short timeline and change of control in the House and Senate in the new Congress make it unlikely that lawmakers will be willing and able to pass final a final FY27 spending bill before the end of the new year.

DETAILED ANALYSIS

Tenant-Based Rental Assistance

The Senate proposed a $1.6 billion increase in funding for Tenant-Based Rental Assistance (TBRA) in FY27, bringing total funding for the program to $40.1 billion. This includes $36.7 billion to renew existing TBRA contracts, a 5.2% increase from FY26, and more than the 1.4% increase proposed in the House's FY27 bill. This level may be sufficient to ensure the renewal of current TBRA contracts, though the number of vouchers has significantly declined so far this year. 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. For example, many Public Housing Agencies (PHAs) have stopped reissuing vouchers to new families due in large part to insufficient funding, resulting in about 20,000 fewer households receiving assistance between January and July of this year.

The bill cuts funding for the Tenant Protection Voucher (TPV) program by over 50%, from $601 million in FY26 to $300 million in the Senate's FY27 bill. Congress provided additional funding in the FY26 spending bill to help ensure PHAs could continue serving households with expiring Emergency Housing Voucher (EHV) contracts. HUD issued guidance in October detailing how PHAs can transfer EHV households to TPVs.

Appropriators also provided $15 million in funding for the Veterans Affairs Supportive Housing (HUD-VASH) program, and $10 million for the Tribal-VASH program, level funding from the previous year. Family Unification Program (FUP) vouchers would receive $35 million, with $30 million for the Foster Youth to Independence Initiative.

Project-Based Rental Assistance

The Senate's FY27 HUD spending bill provides $19.7 billion for Project-Based Rental Assistance (PBRA) programs, an increase of $1.2 billion from the previous year, and more than the $432 million increase proposed in the House's HUD spending bill. As with TBRA, increased funding for PBRA is critical to maintain the level of services provided to households in need. Because PBRA also helps finance the construction and operation of affordable housing units, increased funding for the program helps expand the supply of deeply affordable rental housing.

Homelessness Assistance

The Senate's spending bill would allocate $4.68 billion for Homeless Assistance Grants (HAG), an increase of $271 million, or 6%, from FY26-enacted levels. The proposal would provide $315 million for the Emergency Solutions Grants (ESG) program, an increase of $25 million, or 8.6%, from the previous year. The bill would increase funding for Continuums of Care (CoCs) by $246 million, or 6%, from FY26. The House's FY27 HUD spending bill would level-fund ESG from FY26 and cut funding for the CoC program.

Importantly, the Senate bill does not include language requiring HUD to renew expiring FY26 CoC grants for another 12 months. While the bill does include parameters for how HUD can carry out the FY27 Notice of Funding Opportunity (NOFO) for CoC grantees and a timeline that would require HUD to release a NOFO for the CoC program by June 1 and to release awards by December 1, 2027, such language would not be sufficient to ensure continued funding for current grantees. HUD has proposed drastic changes to the FY27 CoC NOFO that, if allowed to move forward, would put over 97,000 people who had previously been experiencing homelessness at risk of losing the assistance they rely on for stable housing.

HAG provides critical funding for communities to address the needs of people experiencing homelessness. With more people experiencing housing instability and falling into homelessness, more funding is needed for communities to sufficiently address the needs of unhoused neighbors, including finding safe, stable, affordable housing. To ensure that these life-saving programs can continue to operate, NLIHC and the National Alliance to End Homelessness are calling on Congress to provide at least $5.1 billion for HAG in FY27, and to include language in either the next continuing resolution (CR) or final FY27 HUD spending bill – whichever comes first – that would non-competitively renew expiring FY26 CoC grants for 12 months.

Public Housing

The Senate calls for $3.2 billion for public housing capital needs, flat funding from enacted FY26 levels. In addition to formula funding, the Senate's bill for FY27 would provide $30 million in funding for emergency/disaster grants, level funding from the previous year. For decades, the federal government has failed to adequately invest in the operation and maintenance of the nation's public housing stock, exposing the people living in this vital source of deeply affordable housing to unsafe, unhealthy conditions, and resulting in a capital needs backlog estimated to be between $90 billion and $169 billion.

The Senate bill provides $5.15 billion for public housing operating costs, an increase of $127 million from FY26. Operating support includes both formula funding and an additional $55 million, to be allocated based on need.

Native Housing

The Senate FY27 spending bill would provide the Indian Housing Block Grant (IHBG) program with $1.11 billion and provide $125 million for the IHBG-Competitive program – level funding from the previous year. The Senate proposal would provide level funding of $22 million for the Native Hawaiian Housing Block Grant program. Native communities face some of the most urgent affordable housing and infrastructure needs in the country, and HUD's IHBG and IHBG-C programs play an important role in ensuring federal housing assistance reaches tribal nations.

Other Affordable Housing and Community Development Programs

The Section 202 Housing for the Elderly program would receive $1.05 billion in the Senate's proposal, an $18 million increase from the previous fiscal year. This funding includes $130 million for service coordinators, who provide supportive services for older adults living in Section 202 properties.

The Senate bill would provide $301 million for the Section 811 Housing for Persons with Disabilities program, an increase of $14 million from FY26. 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.

The bill would provide level funding of $3.3 billion for the Community Development Block Grant (CDBG) program. The Senate's proposal would allocate $1.45 billion for Economic Development Initiatives (EDI) projects, better known as "earmarks," which are spending requests submitted by members of Congress for specific projects in their districts.

The Senate proposes level funding of $50 million for CDBG's competitive PRO-Housing Grants program, which provides grants to encourage communities to adopt more inclusionary zoning practices to allow for the development of affordable housing. The President's FY27 budget request and the House's proposal eliminated the PRO-Housing grant program.

The Senate's bill would fund the HOME Investment Partnerships Program (HOME) at $1.5 billion, a 20% increase from FY26 enacted levels. The President's FY27 spending request eliminated the HOME program, and the House's bill would have provided $500 million for HOME, a 60% decrease from the $1.25 billion the program received in FY26.

Under the Senate's proposal, the Housing Opportunities for People with AIDS (HOPWA) program would receive $554, a $25 million, or nearly 5%, increase from FY26.

The Family Self-Sufficiency program is funded at $185 million, an 18.5% increase from the $156 million provided in FY26. The FSS program would not receive funding in the President's FY27 budget proposal.

Housing Counseling assistance would receive level funding at $57.5 million. Housing Counseling assistance funds services like financial management, budget and credit counseling, fair housing education, and homebuyer education to help people meet their housing and homeownership goal.

The House's FY27 bill cut funding for housing counseling by 58% from FY26 levels, and the president's budget request did not include funding for housing counseling. The Trump administration announced plans at the end of September to illegally claw back $56 million of the $58 million appropriated in FY25 for housing counseling programs. Top appropriators of both parties denounced the move and accused the administration of acting illegally by intentionally withholding and then canceling funds without congressional approval.

Healthy Homes

The Senate's bill would provide flat funding, $296 million, to the Office of Lead Hazard Control and Healthy Homes' grants. The House bill would also provide $296 million while the president's budget request would reduce funding for the program to $110 million.

Fair Housing

Unlike the House's FY27 proposal, which calls for drastically decreasing funding for HUD's Office of Fair Housing and Equal Opportunity (FHEO) by nearly 44%, the Senate's bill would provide level funding for FHEO at $86.4 million.

Under the Senate's proposal, the Fair Housing Initiatives Program (FHIP) would receive flat funding at $56 million. FHIP provides grants to state and local fair housing organizations to conduct fair housing testing, investigations, education, and outreach.

The Senate budget would provide the Fair Housing Assistance Program (FHAP) with level funding of $26 million. FHAP funds state and local agencies responsible for processing Fair Housing Act complaints.

U.S. Interagency Council on Homelessness (USICH)

The Senate THUD spending bill would provide $3 million for USICH. The House FY27 proposal would provide only $200,000 for USICH – an over 93% cut to the agency.

Other Provisions

The Senate bill states that none of the funds may be used to close or relocate any HUD field or regional office. The HUD Secretary must maintain at least one adequately staffed and functional field office in each state.

Unfortunately, in addition to failing to include language protecting CoC program funding, the Senate's FY27 HUD spending bill also does not include language that would block implementation of the Office of Management and Budget's (OMB's) proposed rule that would politicize the federal grantmaking process, nor would it block implementation of HUD's now final "mixed status" rule. It is crucial that the next CR or the final HUD FY27 spending bill – whichever can be passed first – include this language to ensure congressionally-appropriated funding reaches the communities and families for whom it is intended.