

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Housing

### Project-Based Rental Assistance

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

|                         | Enacted/<br>Requested | Carryover | Supplemental/<br>Rescission | Transfers | Total<br>Resources | Obligations | Net Outlays |
|-------------------------|-----------------------|-----------|-----------------------------|-----------|--------------------|-------------|-------------|
| 2023 Appropriation      | 14,907,000            | 382,136   | (1,815)                     | 65,294    | 15,352,615         | 15,203,179  | 14,534,664  |
| 2024 Annualized CR      | 14,907,000            | 210,682   | -                           | 39,000    | 15,156,682         | 15,040,889  | 16,500,000  |
| 2025 President's Budget | 16,686,000            | 175,773   | -                           | 55,000    | 16,916,773         | 16,703,396  | 16,292,000  |
| Change from 2024        | 1,779,000             | (34,909)  | -                           | 16,000    | 1,760,091          | 1,662,507   | (208,000)   |

a/ 2023 Appropriation includes \$969 million of the PBRA appropriation designated as an emergency requirement pursuant to the Disaster Relief Supplemental Appropriations Act, 2023.

b/ 2023 Total Resources include \$319 million of unobligated balances and \$63 million of recaptures. It includes \$41 million from transfers from the Public Housing Fund and \$25 million from Housing for the Elderly for RAD conversions. There was a one-time transfer of \$1.3 million from PBRA to Section 236 (Other Assisted Housing). Total Resources also reflect the rescission to Treasury of CARES Act unobligated balances (\$1.815 million).

c/ 2024 Annualized CR includes \$969 million of the PBRA appropriation designated as an emergency requirement pursuant to the Disaster Relief Supplemental Appropriations Act, 2023.

d/ 2024 Total Resources include an estimated \$149 million of unobligated balances, an estimated \$56 million from recaptures, an estimated \$15 million from transfers from the Public Housing Fund, and an estimated \$30 million from Housing for the Elderly for RAD conversions. \$6 million of the transfers from the Housing for Elderly account are from carryover and included in the Carryover column.

e/ 2025 President's Budget includes \$5.1 billion of the PBRA appropriation designated as an emergency requirement.

f/ 2025 Total Resources include an estimated \$116 million of unobligated balances, an estimated \$56 million from recaptures, an estimated \$25 million from transfers from the Public Housing Fund, and an estimated \$34 million from Housing for the Elderly for RAD conversions. \$4 million of the transfers from the Housing for Elderly account are from carryover and included in the Carryover column.

### PROGRAM PURPOSE

The Project-Based Rental Assistance (PBRA) program provides approximately 1.3 million safe, decent, and affordable housing units for low-income and very low-income families. Without this assistance, many currently affordable properties would either convert to market rates or would be unable to generate enough rental income to be maintained in adequate living conditions.

### BUDGET OVERVIEW

The 2025 President's Budget requests \$16.7 billion for the PBRA program, which is \$1.8 billion more than the 2024 Annualized CR level. This includes:

- \$16.1 billion for contract renewals and amendments, including \$142 million for Section 8 Moderate Rehabilitation and the Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab and SRO programs) renewals.
- \$62 million for Rental Assistance Demonstration (RAD) conversion subsidy, including \$50 million for conversions from Public Housing, \$10 million for conversions from Section 202 Project Rental Assistance Contracts (PRACs), and \$2 million to fund contract support for lower capacity and small property owners converting through RAD.
- \$5 million to support budget-based rent increases (BBRIs) authorized under the 2023 Appropriations Act for certain at-risk post-Mark-to-Market (M2M) Section 8 properties to prevent distress and facilitate rehabilitation, consistent with program requirements that the property rents remain at or below comparable market rents; and
- \$492 million for Performance-Based Contract Administrators (PBCAs).

The Budget also requests modifications to the RAD statute in the General Provisions to expand and improve the efficacy of RAD conversions to both PBRA and Project-Based Vouchers (PBV), including:

- Eliminating the September 30, 2024, sunset date by which public housing agencies (PHAs) can apply for RAD.
- Removing the cap on public housing units that may convert under RAD.
- Ensuring the continued availability of services for residents following a RAD conversion to PBRA or PBV under the first component. This will guarantee that resident services funding under the Jobs Plus, Resident Opportunities for Self-Sufficiency (ROSS), and Congregate Housing Services Program (CHSP) programs awarded to public housing properties prior to conversion may continue to operate fully and, as appropriate, be eligible for renewal at the completion of the grant term. Additionally, this will also permit the full implementation of the Jobs Plus Initiative program design following the conversion of properties benefiting from Jobs Plus program grants.
- Permitting the conversion and integration of the budget authority associated with Tenant Protection Vouchers (TPV) authorized following a Section 18 approval into RAD PBRA or PBV contracts and permitting previously converted properties that have both a PBV and a PBRA contract to combine those contracts into one platform (i.e., either PBRA or PBV).
- Authorizing the use of Participating Administrative Entities (PAEs) to reduce the administrative burden on lower capacity and small property owners converting under RAD.
- Authorizing the budget-neutral conversion for properties assisted under Senior Preservation Rental Assistance Contracts (SPRACs) under RAD.

This program aligns with HUD 2022-2026 Strategic Objective 2A: *Increase the Supply of Housing*.

Continued funding of PBRA rental assistance helps preserve existing HUD-assisted affordable housing, including by leveraging RAD to stabilize and rehabilitate properties and improve the quality of life for the residents of rent-assisted housing.

## JUSTIFICATION

### Funding Impact and Outcomes

#### Contract Renewals and Amendments

The Budget includes \$16.1 billion to fully fund the renewal or amendment of approximately 17,700 rental assistance contracts, providing approximately 1.3 million safe, stable, and affordable housing units for low-income and very low-income households. The PBRA program serves some of the Nation's most vulnerable populations, including seniors, families with children, and persons with disabilities, and people of color (demographic detail below in chart). This line item includes \$8 million for Section 8 Original Term contract amendments, which are used to amend long-term project-based Section 8 contracts executed primarily in the 1970s and 1980s, and \$46 million for contracts converted to PBRA via RAD requiring PBRA budget authority for the first time. The total also includes \$142 million for renewals in the Mod Rehab and SRO programs.

PBRA contracts are public-private partnerships working with for-profit and non-profit property owners in local communities; PBRA contracts provide a crucial Federal investment in the nation's stock of deeply affordable housing. In places of disinvestment, PBRA improves housing quality and

safety through more stringent management and occupancy standards than are generally required under State and local law. In places with high housing costs, PBRA provides access to affordable housing not otherwise available for many households.

The program maintains and protects the long-term Federal investment in these assets. Nationally, only 33 affordable units are available per 100 extremely low-income renters.<sup>1</sup> Without rental assistance, many of these households would not be able to access housing at local market rates or would have very high housing costs. Households burdened with high housing costs may struggle to pay for other necessities such as food, clothes, and healthcare, which have become more expensive as inflation has risen. In 2021, the median renter household with income under \$30,000 had just \$380 per month left after paying for housing to cover other necessities—the lowest residual income in two decades.<sup>2</sup> PBRA funding directly reduces worst-case housing needs by providing affordable housing to populations likely to be in this situation, including families with children, seniors, and persons with disabilities, who might otherwise be at risk of experiencing homelessness. Approximately 52 percent of assisted households are headed by seniors, 15 percent by persons with disabilities, and 22 percent are families with children.<sup>3</sup>

The PBRA program is a crucial component of the Federal housing safety net for people in need. Multifamily housing assisted by PBRA stabilizes neighborhoods and supports greater local economic opportunity by contributing to employment, increasing the buying power of assisted tenants in support of local businesses, and increasing local tax bases. The PBRA program directly contributes to job creation and retention in the fields of property management, maintenance, general construction, and contract work such as landscaping, pest control, security, snow removal, equipment servicing, legal representation, and property insurance. Because PBRA contracts are a place-based investment, they provide opportunities for the Department to engage with communities where they are located and foster connections between PBRA properties and health-related initiatives and supportive services programs at the local level.

Without ongoing rental income, some properties may be unable to continue payments on existing debt, including mortgages insured by the Federal Housing Authority (FHA) or backed by bonds issued by State housing finance agencies. More than 4,900 PBRA properties carry financing issued by FHA. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital for investment in construction repairs and improvements. Refinancing and capital improvements create opportunities for increasing the energy efficiency of PBRA properties. HUD incentivizes energy efficiency at FHA-insured PBRA properties undergoing refinance through the FHA Green Mortgage Insurance Premium (MIP) program. PBRA property owners have the opportunity to make decarbonization and climate resiliency improvements through competitively awarded new grants or loans under the Green and Resilient Retrofit Program (GRRP) program funded by the Inflation Reduction Act (Public Law 117-169), or through conversion under the Rental Assistance Demonstration (RAD).

#### Rental Assistance Demonstration (RAD) Activities

The Budget includes a total of \$62 million for RAD activities in the PBRA account: \$50 million in RAD conversion subsidy to support the cost-effective conversion of 30,000 public housing homes that

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<sup>1</sup> National Low Income Housing Coalition (2023). The Gap: A Shortage of Affordable Rental Homes March 2023 Analysis, based on tabulations of 2021 American Community Survey Public Use Microdata Sample data. Available at: <https://reports.nlihc.org/gap>.

<sup>2</sup> Joint Center for Housing Studies of Harvard University (2023). The State of the Nation's Housing 2023. Available at: <https://www.jchs.harvard.edu/state-nations-housing-2023>.

<sup>3</sup> HUD Administrative Data. HUD Office of Planning, Development, and Research Analysis December 2023.

are unable to convert using only the funds provided through existing appropriations, \$10 million in RAD conversion subsidy to support the cost-effective conversion of 3,000 Section 202 PRAC homes that could not otherwise participate in a RAD conversion to support a more sustainable long-term operation, and \$2 million to utilize PAEs to provide direct support to lower capacity and small property owners for the due diligence requirements of the RAD conversions under both components of RAD. The Budget for Tenant-based Rental Assistance (TBRA) also includes \$50 million in RAD conversion subsidy to support the cost-effective conversion of public housing homes.

RAD conversion to PBRA and PBV is a powerful tool to secure the Federal safety net that has preserved over 204,000 affordable homes thus far.<sup>4</sup> Through RAD, PHAs and other owners used “transfer of assistance” authority to move housing assistance to lower poverty neighborhoods, allowing residents to use tenant-based assistance if they want to find new housing, and producing more energy-efficient and climate-resilient housing free of environmental hazards. The outcomes associated with the converted public housing units are particularly noteworthy:

- The PHAs’ development teams have generated over \$19 billion, or over \$84,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured \$16.93 for every \$1 of appropriated public housing funds contributed to project budgets.
- Some of the most distressed public housing apartments have been demolished and replaced with over 23,000 newly constructed affordable homes, all meeting international standards for energy efficiency.
- Over 9,500 homes have been moved away from detrimental environmental conditions, floodplains, and opportunity deserts and into neighborhoods with greater access to jobs, schools, and transportation.
- All properties have undergone an environmental review as a condition of conversion, including evaluating, and where necessary mitigating, the presence of radon, lead, asbestos, carbon monoxide, and mold.
- All properties have been evaluated for their energy and water efficiency and have implemented cost-effective improvements to decrease their carbon footprint.
- Over 362,000 jobs have been created, directly or indirectly, through RAD construction activities, including many jobs for low-income persons through HUD’s Section 3 requirements.

Despite the progress made through RAD, the remaining public housing stock has a substantial capital needs backlog. For example, if PHAs were to undertake similar preservation actions to those their peers have made in the last three years of RAD conversions, they would invest \$115 billion for construction and rehabilitation costs alone on properties in the portfolio yet to be preserved. Similarly, many properties assisted under Section 202 and Section 811 PRACs have reached an age in their lifecycle where they require rehabilitation and modernization to address capital needs, incorporate broadband technology, upgrade facilities to provide greater levels of support to an aging population, and make other necessary improvements. There remain many public housing and Section 202 PRAC properties that are unable to leverage the public and private capital needed for property improvements with conversion subsidy levels based only on available baseline appropriated funds, and we expect the same to be true for Section 811 PRAC properties. In some instances, current rent levels cannot even support the property’s operating expenses. The public housing, Section 202 PRAC, and Section 811 PRAC portfolios, long hindered by inattention to lifecycle capital improvements and modernization, require a cost-effective, leveraged strategy to

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<sup>4</sup> All RAD data is aggregated from transactional details captured on the RAD Resource Desk: [www.radresource.net](http://www.radresource.net)

achieve comprehensive modernization and to ensure that benefits of improved or redeveloped assets are equitably achieved throughout the country. The Budget advances those efforts. The funding supports the cost-effective conversion of properties that are unable to convert using only the funds provided through existing appropriations.

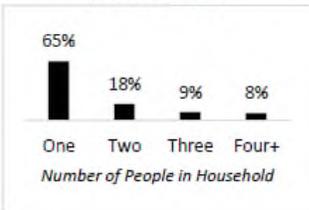
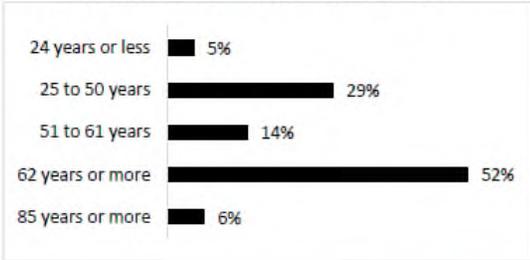
Budget-Based Rent Increases for certain at-risk post Mark-to-Market (M2M) Properties

The Budget includes \$5 million to fund BBRI's authorized under the 2023 Appropriations Act for certain at-risk post-M2M PBRA properties to prevent distress and facilitate rehabilitation, consistent with program requirements that the property rents remain at or below comparable market rents. M2M contract rents are initially set at market levels and may only be adjusted by OCAF unless approved by HUD for a budget-based rent adjustment. Approximately 2,000 properties have rents below Fair Market Rents for their locality, and 250 of those properties are manifesting some level of distress shown in HUD's data. This funding would allow HUD to serve an estimated 10 to 15 properties that are distressed or at risk of becoming distressed.

Overall, these funds would stabilize the operating budgets of the affected properties and provide for rehabilitation to improve conditions for residents. This will maintain the good physical condition of the properties, achieve greater sustainability, and preserve the availability of affordable housing units while also preventing a default on FHA-insured mortgages.

Performance-Based Contract Administrators

The Budget includes \$492 million to ensure critical PBCA) services continue without interruption in 2025. These funds would provide for continuing Management and Occupancy Reviews, processing monthly Housing Assistance Payments (HAP) voucher reviews and payments, responding to resident complaints, verifying program compliance, processing HAP Contract renewals, processing rent adjustments, and providing other PBCA services that support the efficiency and quality of the program. From time to time, properties enter the PBRA portfolio and require contract administration, so the requested level includes support for a small number of transfers.

| <b>Q3 2023 Project-Based Rental Assistance (PBRA) Tenant Characteristics<sup>1</sup></b>  |   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
|---|---|------------------------|--|---------------------|----------------------------------|---------------------|-----------------------------|-----------|-------|----|--|--|------------|------------------|----|----------------|-----|----------------|-----|------------------|-----|------------------|----|---|
| <p><b>How many households and people are served?</b></p> <p>2.0 million people</p> <p>1.2 million households<sup>2</sup></p>  | <p><b>What are the racial and ethnic characteristics of the tenants?</b></p> <p>This program serves a diverse population. <b>68%</b> of tenants are in a racial or ethnic minority group.</p> <table border="1"> <thead> <tr> <th>Asian/Pacific Islander</th> <th>Black, non-Hispanic</th> <th>Hispanic</th> <th>Native American</th> <th>White, non-Hispanic</th> </tr> </thead> <tbody> <tr> <td>5%</td> <td>41%</td> <td>20%</td> <td>1%</td> <td>32%</td> </tr> </tbody> </table> | Asian/Pacific Islander | Black, non-Hispanic                      | Hispanic            | Native American                  | White, non-Hispanic | 5%                          | 41%       | 20%   | 1% | 32%  | <p><b>What are the characteristics of the heads of household?</b></p> <p>Female headed families with children 22%</p> <p>Elderly 52%</p> <p>Non-elderly disabled 15%</p> |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Asian/Pacific Islander  | Black, non-Hispanic   | Hispanic               | Native American                          | White, non-Hispanic |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| 5%  | 41%   | 20%                    | 1%                                       | 32%                 |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| <p><b>How big are the households?</b></p>  <table border="1"> <thead> <tr> <th>Number of People in Household</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>65%</td> </tr> <tr> <td>Two</td> <td>18%</td> </tr> <tr> <td>Three</td> <td>9%</td> </tr> <tr> <td>Four+</td> <td>8%</td> </tr> </tbody> </table>   | Number of People in Household   | Percentage             | One                                      | 65%                 | Two                              | 18%                 | Three                       | 9%        | Four+ | 8% | <p><b>How old are the heads of household?</b></p>  <table border="1"> <thead> <tr> <th>Age Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>24 years or less</td> <td>5%</td> </tr> <tr> <td>25 to 50 years</td> <td>29%</td> </tr> <tr> <td>51 to 61 years</td> <td>14%</td> </tr> <tr> <td>62 years or more</td> <td>52%</td> </tr> <tr> <td>85 years or more</td> <td>6%</td> </tr> </tbody> </table> | Age Group  | Percentage | 24 years or less | 5% | 25 to 50 years | 29% | 51 to 61 years | 14% | 62 years or more | 52% | 85 years or more | 6% | <p><b>What is the share of rent paid by the tenant and HUD?</b></p> <p>Average household contribution: <b>\$349</b></p> <p>Average HUD Contribution: <b>\$967</b></p> |
| Number of People in Household   | Percentage  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| One   | 65%   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Two   | 18%   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Three   | 9%  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Four+   | 8%  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Age Group   | Percentage  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| 24 years or less  | 5%  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| 25 to 50 years  | 29%   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| 51 to 61 years  | 14%   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| 62 years or more  | 52%   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| 85 years or more  | 6%  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| <p><b>What are the income levels of assisted households?</b></p> <p>Tenants make an average gross income of <b>\$14,863</b>.</p> <p><b>79%</b> of households earn \$20,000 or less per year</p>   | <p><b>How do household incomes compare to the local area median income?</b></p> <table border="1"> <tbody> <tr> <td>Extremely low income (less than 30% AMI)</td> <td><b>80%</b></td> </tr> <tr> <td>Very low income (30% to 50% AMI)</td> <td><b>17%</b></td> </tr> <tr> <td>Low Income (50% to 80% AMI)</td> <td><b>2%</b></td> </tr> </tbody> </table>   |                        | Extremely low income (less than 30% AMI) | <b>80%</b>          | Very low income (30% to 50% AMI) | <b>17%</b>          | Low Income (50% to 80% AMI) | <b>2%</b> |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Extremely low income (less than 30% AMI)  | <b>80%</b>  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Very low income (30% to 50% AMI)  | <b>17%</b>  |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| Low Income (50% to 80% AMI)   | <b>2%</b>   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |
| <p><sup>1</sup> Some percentage totals not equal to 100 due to rounding. Missing values are excluded from reported percentages.</p> <p><sup>2</sup> The number of households served at any given time and for which there are data reported may not total the number of PBRA housing units under contract. However, the data on the characteristics of the 1.2 million reported households are representative of who is served through PBRA.</p> <p>Source: Households reported to HUD's TRACS systems (via Form-50059) as of 6/2023 with effective dates spanning the prior 18 months.</p> |   |                        |  |                     |                                  |                     |                             |           |       |    |  |  |            |                  |    |                |     |                |     |                  |     |                  |    |   |

## Equity

The PBRA program advances equity by addressing housing affordability, promoting fair housing practices, and supporting community development efforts that support vulnerable populations. By providing rental assistance, supporting equal housing opportunities, and investing in inclusive communities, the program helps to reduce disparities and increase access to safe, decent, and affordable housing.

## Performance Indicators and Other Evidence

For additional performance indicators, please refer to the HUD 2025 Annual Performance Plan / 2023 Annual Performance Report.

## Key Assumptions

Increases in gross needs for PBRA renewals and amendments are driven by several factors, most notably annual rent increases and the requirement to fund units entering the PBRA renewal portfolio for the first time. For 2025, HUD estimates rely on an estimated Operating Cost

Adjustment Factor (OCAF) of three percent. Subsidy growth rates also consider changes in Total Tenant Payments (TTP) and market-based rent adjustments, both are which are variable.

The Budget assumes that the PBRA program's annual current services renewal and amendment needs will be fully funded in 2024 through regular appropriations.

The PBCA requested level assumes continuation of 2024 services under extension of current agreements and includes projected inflationary increases in fees that are indexed with changes in Fair Market Rent. Recaptures under the Housing Certificate Fund (HCF) provided \$75 million for the PBCA program in 2023, but in 2025, HUD forecasts very little to be available in the HCF account. PBRA appropriations are required for the full cost of the PBCA program in 2025.

### **Stakeholders**

HUD collaborates with a range of stakeholders, including PHAs, PBCAs, property owners/managers, tenant advocacy organizations, congressional committees, research institutions/think tanks, industry partners, and other Federal agencies to ensure the successful implementation of the PBRA program. HUD regularly meets with residents, advocates, state and local officials, owners, and property managers through association meetings, conferences, and individual meetings to disseminate and explain program status and updates and collect feedback to inform program implementation and policy. This collaborative approach helps HUD address challenges, gather feedback, make informed policy decisions, and improve the overall effectiveness of the program. The Administration is working to make the PBRA program most effective by enhancing stakeholder engagement, streamlining administrative processes, promoting flexibility and local decision-making, encouraging public-private partnerships, and improving data collection and analysis. These strategies aim to optimize the Federal Government's support for affordable housing.

### **Operational Improvements**

The Office of Multifamily Housing Programs continues to streamline administrative processes and reduce burdens for housing providers and tenants through implementing the Housing Opportunity through Modernization Act (HOTMA), streamlining the Management and Occupancy Review scheduling process, implementation of the National Standards for Physical Inspection of Real Estate (NSPIRE), and improving IT through modernization.

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

| Budget Activity                              | 2023 Budget Authority | 2022 Carry over Into 2023 | Transfers/ Rescissions | 2023 Total Resources | 2023 Obligations  | 2024 Annualized CR | 2023 Carry over Into 2024 | 2024 Total Resources | 2025 President's Budget |
|--|-----------------------|---------------------------|------------------------|----------------------|-------------------|--------------------|---------------------------|----------------------|-------------------------|
| Contract Renewals and Amendments             | 14,439,000            | 141,825                   | (1,289)                | 14,579,536           | 14,511,434        | 14,439,000         | 124,647                   | 14,563,647           | 16,047,000              |
| Contract Renewals and Amendments (Emergency) | [969,420]             | -                         | -                      | -                    | [969,420]         | [969,420]          | -                         | -                    | [5,081,790]             |
| Mod Rehab and SRO Renewals                   | 125,000               | 82,858                    | -                      | 207,858              | 142,623           | 125,000            | 65,235                    | 190,235              | 142,000                 |
| Contract Renewals CARES Act                  | -                     | 142,653                   | (1,815)                | 140,838              | 142,653           | -                  | -                         | -                    | -                       |
| Tenant Education and Outreach                | -                     | 14,800                    | -                      | 14,800               | -                 | -                  | 14,800                    | 14,800               | -                       |
| Contract Administrators                      | 343,000               | -                         | -                      | 343,000              | 343,000           | 343,000            | -                         | 343,000              | 492,000                 |
| Mark-to-Market Properties BBR1               | -                     | -                         | -                      | -                    | -                 | -                  | -                         | -                    | 5,000                   |
| RAD Conversion Transfers                     | -                     | -                         | 66,583                 | 66,583               | 63,469            | -                  | 6,000                     | 45,000               | [59,000]                |
| RAD Conversion Subsidy                       | -                     | -                         | -                      | -                    | -                 | -                  | -                         | -                    | [62,000]                |
| <b>Total</b>                                 | <b>14,907,000</b>     | <b>382,136</b>            | <b>63,479</b>          | <b>15,352,615</b>    | <b>15,203,179</b> | <b>14,907,000</b>  | <b>210,682</b>            | <b>15,156,682</b>    | <b>16,686,000</b>       |

a/ 2023 Carryover into 2023 includes a \$1.8 million rescission of CARES Act funding pursuant to the Fiscal Responsibility Act.

b/ 2023 Total Resources includes \$66.6 million in RAD Transfers from the Section 202 Housing for the Elderly and Public Housing Fund accounts, and \$1.3 million transferred from PBRA to Other Assisted Housing.

c/ 2024 Carryover includes a \$6 million transfer from the Section 202 Housing for the Elderly account to support RAD conversions.

d/ 2024 Total Resources includes \$39 million in RAD transfers from Section 202 Housing for the Elderly and Public Housing Fund accounts.

e/ 2025 President's Budget includes \$59 million in anticipated RAD transfers from the Section 202 Housing for the Elderly and Public Housing Fund accounts.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS****Appropriations Language Changes**

The 2025 President's Budget includes the following:

Authority to combine special amounts for purposes of contract execution: Addition of proviso stating that additional amounts for supplemental funding authorized under the prior provisos can be combined with other amounts obligated to such contracts and be available for all purposes under those contracts.

**Legislative Proposals**

The 2025 Budget supports the following legislative proposals and will seek changes through the authorization process:

- Triennial Recertification to Promote Family Wealth Building: HUD requests language that would provide the Department with the discretion to allow PHAs and owners of multifamily properties who receive HUD assistance through Tenant-Based Rental Assistance, Public Housing, or Project-Based Rental Assistance to, instead of annual or biennial income examinations, implement triennial recertification of income, like what is currently available to PHAs for fixed income families. Allowing all programs to elect triennial recertification of income (and thus triennial recalculations of tenant rent contribution) would promote family

wealth building, since increases in earned income would generally be taken into consideration only once every three years, rather than annually under the current law, the corresponding rent savings would help support the family's overall financial health. As an element of implementation, the PHA and property owners will leverage federal financial education resources to enhance the financial skills of HUD-assisted residents. Coupling rent savings with financial education will promote family wealth building among HUD-assisted residents.

- Universal Escrow Account Funded from Rental Assistance Accounts: HUD requests language authorizing the Secretary to carry out a demonstration to examine the effectiveness of creating a savings account for families assisted by the Public Housing, Housing Choice Voucher, and Project-Based Rental Assistance (PBRA) programs. The demonstration would allow demonstration participants to automatically enroll families into the program. The program places any incremental rent increase due to an increase in earned income into a savings account on behalf of the demonstration participants. To facilitate this demonstration, the Secretary may waive, or specify alternative requirements for, sections 3, 6, 8, and 9 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), and regulations in connection with these statutory provisions. This demonstration would enroll no more than 3,000 HUD-assisted families in the universal savings demonstration. The Secretary will monitor and evaluate with a rigorous scientific study the effect of the policy change on financial outcomes for participating families within seven years of the implementation of the demonstration.
- Mark-to-Market Management and Occupancy Reviews: This proposal would allow HUD to conduct Management and Occupancy Reviews (MORs) for Mark-to-Market (M2M) properties on the same schedule as other PBRA properties. Currently, M2M properties must be reviewed annually, while other PBRA properties are subject to a risk-based schedule (e.g., low-risk properties reviewed less frequently, up to once every three years).
- Preserve assisted units when transferring to higher-opportunity locations via 8(bb): This proposal would allow HUD to transfer the full number of assisted units rather than just the budget authority under a Section 8bb application, if such transfer would be in neighborhoods with higher opportunity, e.g., low levels of poverty, low concentrations of racial minorities, low crime, and/or high-quality schools.

## General Provisions

The 2025 President's Budget re-proposes the following general provisions:

- Section 8 Savings: This section relates to the sharing of savings from refunding bonds for certain Section 8 contracts. (Sec. 201)
- Transfers of Assistance, Debt, and Use Restrictions: This provision will allow the Secretary to authorize the transfer of some or all project-based assistance, debt held or insured by the Secretary, and statutorily required low-income and very low-income use restrictions, if any, associated with one or more obsolete multifamily housing project(s) to a viable multifamily housing project. The language has been updated to allow the Secretary to authorize a change in the number of units and/or unit configuration when only a use agreement is being transferred, provided there is no loss of assistance to currently assisted households. (Sec. 206)
- Management and Disposition of Certain Multifamily Projects: This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties. (Sec. 208)
- Physical Conditions Requirements: This general provision enhances HUD's ability to exercise oversight within the PBRA, Housing for the Elderly, and Housing for Persons

with Disabilities programs, allowing HUD to mandate corrective action or change in management due to failure to meet physical condition standards. (Sec. 214)

- **Lump Sum Interest Reduction Payments:** This proposal would allow HUD to accelerate Interest Reduction Payment (IRP) subsidy payments to the 29 remaining Section 236 IRP properties, so that HUD could end the IRP program and accompanying decoupling program. Accelerating payments to these properties would allow owners to pay their debt service in a lump sum or continue monthly payments as scheduled. This change only modifies the disbursement of the funds, relieving HUD and the owner of administration costs, without altering affordability restrictions on the property. (Sec. 230)
- **Rental Assistance Demonstration:** This provision makes programmatic changes to the Rental Assistance Demonstration, including making the program permanent, expanding the conversion opportunity to new situations, promoting the continued availability of services for residents, and other technical changes. (Sec. 231)
- **PBCA Modifications:** This proposal would allow HUD to award cooperative agreements for Performance-Based Contract Administrators (PBCAs) through a Notice of Funding Opportunity (NOFO) rather than a FAR procurement. While the text included here is identical to the General Provision proposed in the President's 2024 Budget, HUD will work with Congress to continue clarifying and refining this proposal throughout the 2025 appropriations process. (Sec. 232)
- **Mod Rehab and SRO Sunset:** The PBRA account continues to renew approximately 18,000 affordable units through the Mod Rehab and SRO programs on year-to-year contracts. Through RAD, these properties have a path to enter long-term Section 8 contracts. Alternatively, an owner may choose to opt out of their contract and secure tenant protection vouchers to issue to residents. The Budget proposes a sunset of the Mod Rehab and SRO programs in five years to give owners time to transition to one of the two alternative platforms (i.e., PBRA or PBV). This proposal would protect residents, produce and secure long-term affordable housing opportunities, streamline HUD and PHA administration, and improve properties within HUD's portfolio. (Sec. 233)

## APPROPRIATIONS LANGUAGE

The 2025 President's Budget includes the appropriations language listed below.

*For activities and assistance for the provision of project-based subsidy contracts under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) ("the Act"), not otherwise provided for, \$16,286,000,000, to remain available until expended, shall be available on October 1, 2024 (in addition to the \$400,000,000 previously appropriated under this heading that became available October 1, 2024), and \$400,000,000, to remain available until expended, shall be available on October 1, 2025: Provided, That the amounts made available under this heading shall be available for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401), for renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for administrative and other expenses associated with project-based activities and assistance funded under this heading: Provided further, That the amount of any forgone increases in tenant rent payments due to the implementation of rent incentives as authorized pursuant to waivers or alternative requirements of the Jobs-Plus initiative as described under the heading "Self-Sufficiency Programs" shall be factored into housing assistance payments under*

*project-based subsidy contracts: Provided further, That of the total amounts provided under this heading, not to exceed \$492,000,000 shall be available for performance-based contract administrators for section 8 project-based assistance, for carrying out 42 U.S.C. 1437(f): Provided further, That the Secretary may also use such amounts in the preceding proviso for performance-based contract administrators for the administration of: interest reduction payments pursuant to section 236(a) of the National Housing Act (12 U.S.C. 1715z-1(a)); rent supplement payments pursuant to section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s); section 236(f)(2) rental assistance payments (12 U.S.C. 1715z-1(f)(2)); project rental assistance contracts for the elderly under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q); project rental assistance contracts for supportive housing for persons with disabilities under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2)); project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667); and loans under section 202 of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667): Provided further, That amounts recaptured under this heading, the heading "Annual Contributions for Assisted Housing", or the heading "Housing Certificate Fund", may be used for renewals of or amendments to section 8 project-based contracts or for performance-based contract administrators, notwithstanding the purposes for which such amounts were appropriated: Provided further, That, notwithstanding any other provision of law, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 8 project-based Housing Assistance Payments contract that authorizes the Department or a housing finance agency to require that surplus project funds be deposited in an interest bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended: Provided further, That amounts deposited pursuant to the preceding proviso shall be available in addition to the amount otherwise provided by this heading for uses authorized under this heading: Provided further, That of the total amount provided under this heading, up to \$50,000,000 shall be available to supplement funds transferred from the heading "Public Housing Fund" to fund contracts for properties converting from assistance pursuant to section 9 of the Act under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of division C of Public Law 112-55) to further long-term financial stability and promote the energy or water efficiency, climate resilience, or preservation of such properties: Provided further, That of the total amount provided under this heading, up to \$10,000,000 shall be available to supplement funds transferred from the heading "Housing for the Elderly" to fund contracts for properties converting from assistance under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)) under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of division C of Public Law 112-55) to further long-term financial stability and promote the energy or water efficiency, climate resilience, or preservation of such properties: Provided further, That of the total amount provided under this heading, not less than \$5,000,000 shall be available for rent adjustments as authorized by section 515(d) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) (MAHRAA): Provided further, That any additional rent adjustments or supplemental contract funding authorized under the three previous provisos shall be combined with other amounts obligated to such contracts and the combined total amount shall be available for all purposes under such contracts: Provided further, That of the total amount provided under this heading, up to \$2,000,000 shall be available, without additional competition, for cooperative agreements with Participating Administrative Entities that have been previously or newly selected under section 513(b) of MAHRAA to provide direct support, including carrying out due diligence and underwriting functions for owners and for technical assistance activities, on conditions established by the Secretary for small properties and owners converting assistance under the First Component or the Second Component under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (title II of division C of Public Law 112-55): Provided further, That of the amounts made available for fiscal year 2025 under this heading, \$5,081,790,000 is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further,*

PROJECT-BASED RENTAL ASSISTANCE

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*That such amount shall be available only if the President designates such amount as an emergency requirement pursuant to such section 251(b)(2)(A)(i).*

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118–15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.