



April 7, 2026

MEMORANDUM

TO: NCSHA Members  
FR: NCSHA's Policy and Government Affairs Team  
RE: NCSHA's Preliminary Analysis of the Administration's Fiscal Year 2027 Budget Request

**Executive Summary**

The Trump Administration released its [Fiscal Year 2027 Budget Request](#) on April 3. The budget outlines the administration's fiscal priorities for increasing military spending by \$1.5 trillion, or 44 percent, and cutting domestic non-defense spending by \$73 billion, or 10 percent.

The departments of Housing and Urban Development (HUD) and Agriculture (USDA) would receive funding cuts of \$10.7 billion (or 13 percent) and \$4.9 billion (or 19 percent), respectively, with many affordable housing programs under their authority slated for significant funding reductions or elimination.

NCSHA's analysis of the budget's housing proposals follows.

**HUD Program Funding Highlights**

The budget requests \$73.5 billion in discretionary funding for HUD in FY27, lower than the FY25 and FY26 enacted funding levels of \$77 billion and \$84.2 billion, respectively, but significantly higher than the \$43.5 billion the administration requested last year.

The budget proposes to eliminate many of the same affordable housing programs that were targeted for elimination in [last year's budget proposal](#), including the HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG) program.

In particular, the budget calls for eliminating funding for the following programs:

- HOME
- CDBG
- Continuum of Care homeless assistance
- Family Self-Sufficiency
- Housing Opportunities for Persons with AIDS

- Self-Help and Assisted Homeownership
- Preservation and Reinvestment Initiative for Community Enhancement
- Pathways to Removing Obstacles to Housing
- Housing Counseling
- Fair Housing activities
- NeighborWorks America
- U.S. Interagency Council on Homelessness
- Low-Income Home Energy Assistance Program (administered by the Department of Health and Human Services)

Unlike last year’s proposal, the budget request does not call for block-granting or significantly cutting funding for federal rental assistance programs including tenant-based and project-based rental assistance.

The budget proposes to prohibit public housing agencies from issuing any new housing vouchers in 2027, including by entering into new project-based voucher commitments. HUD-VASH vouchers and Family Unification Program vouchers, as well as vouchers to lease existing project-based voucher units or to execute new rental assistance demonstration (RAD) project-based voucher commitments, are exempted from the prohibition.

The budget would also grant the HUD Secretary permanent authority to require public housing agencies and multifamily property owners to implement work requirements and time limits for assisted families other than those who fall into an exempted category, for example due to age or disability status.

### *HUD Program Funding Details*

**HOME:** The budget would eliminate funding for the HOME program in FY27, echoing last year’s budget proposal. The HOME program was appropriated \$1.25 billion in FY26.

HUD’s congressional justification for its FY27 budget states “[n]umerous factors and regulatory barriers stifle housing development; many of these issues cannot be solved, and may be worsened, by Federal involvement” as a reason for the elimination of funding for HOME.

**Housing Choice Vouchers:** The Housing Choice Voucher (HCV) program, also known as tenant-based rental assistance, is the largest federal rental assistance program, serving approximately 2.4 million individuals and families. The budget requests \$38.8 billion for the voucher program, a \$407 million or approximately one percent increase over its FY26 enacted funding level.

Of the \$38.8 billion requested for the HCV program, \$35.6 billion would be for contract renewals, including \$800 million for Mainstream Vouchers, used to assist non-elderly persons with disabilities. Another \$3 billion would be reserved for administrative fees, an increase of \$115 million over FY26.

The budget proposes \$300 million for Tenant Protection Vouchers (TPV), a reduction of \$301 million from FY26. The budget also proposes to reduce the eligibility period for TPV from 24 to 12 months after the unit is occupied. HUD's congressional justification explains that, with carryforward funds and the cost savings from reducing the eligibility period, the account will have sufficient funds to cover the approximately 28,500 vouchers needed in FY27.

The budget would also provide \$30 million for the Foster Youth to Independence program, a \$5 million increase over current funding levels, and permanently rename it the Melania Trump Foster Youth to Independence Initiative.

**Federal Financing Bank Risk-Sharing:** HUD's congressional justification states, "[T]he Administration is examining the FFB program and considering its necessity within the government's credit portfolio. Existing firm commitments will continue to be honored; however, HUD does not project that any new firm commitments will be issued in 2027. Traditional Risk Share through Section 542(c) remains the dominant execution for HFAs and HUD continues to evaluate how to best serve its HFA partners going forward."

**Section 8 Project-Based Rental Assistance:** The budget proposes \$17.6 billion for the project-based rental assistance (PBRA) account in FY27, \$903 million less than was appropriated in FY26.

Contract renewals and amendments account for \$17.1 billion of the requested amount, of which \$184 million would be dedicated to Section 8 Moderate Rehabilitation and the Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab and SRO programs) renewals. The funding for contracts renewals and amendments also includes \$61 million for contracts converted to PBRA via RAD, requiring PBRA budget authority for the first time.

**Performance-Based Contract Administration:** The budget funding request for project-based rental assistance includes \$529 million to "ensure critical PBCA [performance-based contract administration] fee-based services continue without interruption in 2027."

The budget also includes a general provision (Section 224) authorizing HUD to select project-based rental assistance contract administrators through a notice of funding opportunity resulting in individual state awards designated as "cooperative agreements" (with an allowance for two awards in California), rather than a procurement under federal acquisition regulations, as currently required by court rulings. The provision says eligible applicants will be public housing agencies as defined by section 3(b)(6)(A) of the United States Housing Act of 1937 (including state housing finance agencies) and nonprofits of such agencies when operating outside of the state or territory in which such agency is established. The language also specifies "the Secretary may select the best qualified applicant regardless of whether it operates within the jurisdiction of the State or territory served."

**Homeless Assistance Grants:** The budget would consolidate HUD's homeless assistance into an updated and expanded Emergency Solutions Grants (ESG) block grant program and not request funding for the Continuum of Care, Youth Homelessness Demonstration, and National Homeless Data Analysis Project

programs or the construction of new permanent supportive housing. The account would receive \$4.024 billion in appropriations in FY27, down from \$4.417 billion in FY26.

The current formula used to determine grant funding under ESG would be reworked and may include performance metrics such as “reductions in unsheltered homelessness, reduced returns to homelessness, increases in employment income, and increases in placements into unsubsidized housing.” Assistance provided would be capped at two years and would allow transitional housing to be an eligible use under the new ESG program.

The administration states that the total number of homeless people increased by 31 percent between 2013 and 2024 despite the Continuum of Care receiving an approximately 130 percent increase in funding since 2013. HUD’s congressional justification expresses that “maintaining the status quo is unacceptable.”

**Community Development Block Grants:** The budget would eliminate funding for the Community Development Fund (CDF), which is the account that contains CDBG, Community Development Block Grant – Disaster Recovery, the Economic Development Initiative (congressional earmarks), the Recovery Housing Program, and the Pathways to Removing Obstacles (PRO) to Housing grant program. The account was appropriated \$7 billion in FY26. The budget also calls for the cancellation of \$100 million in PRO Housing competitive grant balances.

HUD’s congressional justification argues that state and local governments are better placed than the federal government to “serve their communities’ needs” and eliminates funding for the CDF account “in favor of locally-driven housing and economic development strategies.”

**Self-Sufficiency Programs:** The budget calls for the elimination of HUD’s Self-Sufficiency Programs account in FY27, a reduction of \$206.4 million from FY26. The account includes the Family Self-Sufficiency, Jobs Plus, and Resident Opportunity and Self-Sufficiency programs. The administration believes state and local governments play a greater role in addressing community and economic development and will search for other ways to partner with those entities to “adopt policies and reduce regulatory barriers that would allow communities to transform neighborhoods and unleash the potential of their residents.”

**Section 202 Housing for the Elderly:** The budget requests \$959 million for the Section 202 Housing for the Elderly program, \$72 million below FY26 appropriations. Of the requested total, \$832 million would be used for contract renewals and amendments, \$122 million for service coordinators, and \$5 million for administrative purposes.

**Section 811 Housing for Persons with Disabilities:** The budget proposes \$266 million for the Section 811 Housing for Persons with Disabilities account, which is \$21 million less than the FY26 enacted funding level. This includes \$262 million for contract renewals and amendments and \$4 million for administrative expenses.

**Housing Opportunities for Persons with AIDS:** The budget calls for the elimination of funding for HOPWA. The program received \$529 million in FY26. The budget states that individuals previously served under the program may be served under the proposed ESG program.

**Housing Trust Fund and Capital Magnet Fund:** Like the administration’s FY26 “skinny budget,” the FY27 budget request does not include a specific legislative proposal related to the Housing Trust Fund or Capital Magnet Fund. Both are funded through a mandatory set-aside from Fannie Mae and Freddie Mac and not the annual appropriations process. In President Trump’s first term, his annual budget proposals called for elimination of the government-sponsored enterprise set-aside funding these accounts.

**Ginnie Mae:** The budget requests commitment authority for Ginnie Mae to guarantee \$600 billion — up from the \$550 billion requested for FY26 — in new mortgage-backed securities and provides \$56 million in spending authority from offsetting collections for the salaries and expenses of Ginnie Mae, a \$1 million increase over what was requested for FY26.

**Federal Housing Administration Single-Family Insurance Program:** The budget requests \$160 million in the Mutual Mortgage Insurance Fund program account for administrative expenses to support a range of Federal Housing Administration (FHA) functions, such as loan underwriting and servicing, claims processing, and risk monitoring. This is the same level requested for FY26. The budget projects insurance of \$284 billion for forward mortgages and \$15 billion for home equity conversion mortgages, with additional commitment authority available in case these amounts are exceeded.

**FHA Multifamily/ Title I Manufactured Housing Programs:** FHA’s General Insurance and Special Risk Insurance (GI/SRI) programs provide mortgage insurance for a variety of purposes, including financing for the development and rehabilitation of multifamily housing, residential care facilities, and hospitals and for property improvement and manufactured home loans. The budget requests a limitation of \$25 billion on loan guarantees for the GI/SRI Fund because, as the request explains, its mortgage insurance programs are designed to operate without the need for subsidy appropriations, with fees set higher than anticipated losses. This is \$10 billion lower than was requested in the FY26 budget.

**Self-Help and Assisted Homeownership Opportunity Program:** The budget would eliminate the SHOP program and replace the account with a single \$16 million grant to Habitat for Humanity to support “sweat equity” and volunteer programs. SHOP was appropriated \$65 million in FY26.

**Lead Hazard and Healthy Homes:** The budget requests \$110 million for the Lead Hazard Reduction Program, a \$185.6 million decrease from FY26 enacted funding levels. This would include \$30 million for Lead Hazard Reduction Grants, \$50 million for the Lead Hazard Reduction Demonstration, and \$30 million for Healthy Homes Grants and Support.

**Housing Counseling:** The budget proposes to eliminate funding for the Housing Counseling Assistance program. In HUD’s budget justifications, the administration argues state and local governments, nonprofits, and the private sector should do more to promote housing and economic development. While the administration previously proposed eliminating funding for housing counseling in its FY26 budget, the program received \$53 million last year.

## USDA Rural Housing Program Funding Highlights

The budget requests \$20.8 billion in discretionary funding for USDA in FY27, a \$4.9 billion or 19 percent decrease from FY26 enacted levels and \$2.2 billion less than the administration requested for FY26. Below is a summary of proposed funding levels for key Rural Development housing programs.

**Section 502 Single-Family Housing Guaranteed Loan Program:** The loan level for the Section 502 Single-Family Housing Guaranteed Loan Program would be \$20 billion, a \$5 billion reduction from FY26's budget request and enacted level. The budget notes the subsidy rate for this program continues to be negative with the combination annual and upfront fee structure, meaning it generates net revenue for the federal government.

**Section 502 Single-Family Housing Direct Loan Program:** The Section 502 Single-Family Housing Direct Loan Program would be funded at \$983 million in FY27, a reversal from last year's budget, which had proposed this program not be funded at all, and \$17 million less than the \$1 billion FY26 enacted amount.

**Section 515 Multifamily Housing Direct Loan Program:** The Section 515 Multifamily Housing Direct Loan Program would receive \$50 million, the same amount as was requested and enacted last year.

**Section 538 Multifamily Housing Guaranteed Loan Program:** The Section 538 Multifamily Housing Guaranteed Loan Program would be funded at \$500 million, a \$100 million increase from the level proposed and enacted for FY26. The budget continues to include appropriations language that would allow the program to operate without interest subsidy and with a fee.

**Section 521 Rural Rental Assistance Program:** The Section 521 Rental Assistance Program would receive a total of \$1.795 billion for renewals of existing rental assistance contracts for maintaining a sustainable rental assistance program. This is an increase of \$80 million over the enacted FY26 funding level and \$75 million above the requested FY26 amount.

The budget would grant USDA authority to continue the rental assistance decoupling pilot program for an additional 5,000 units. The pilot allows USDA to preserve the affordability of units within Section 515 and 516 properties that have maturing USDA mortgages.

**Section 542 Rural Voucher Rental Assistance Program:** The budget again proposes to eliminate the Section 542 Rural Voucher Assistance Program. The administration believes the decoupling authority will allow USDA to preserve most of its project-based rental assistance, which will decrease the need for tenant-based voucher assistance in the future. It says the majority of current voucher holders "will be able to adjust without the continued assistance, or with alternative local, state and Federal programs." The program received \$48 million in appropriations in FY26.

**Rental Preservation Demonstration Program:** The rental preservation pilot program would receive \$30 million, the same amount enacted in FY26 and double what was requested last year. This program is intended to facilitate preservation loan modifications on post-credit reform multi-family housing units.

## Other Budget Proposals Relevant to Housing

**Tax Proposals:** As in previous years, the administration did not release a General Explanations of the Administration’s Revenue Proposals — also known as the “Greenbook” — detailing new administration tax proposals, including any that may be related to the Low-Income Housing Tax Credit program or private activity bonds. Typically, the Greenbook accompanies the publication of the administration’s budget; however, the Trump Administration has not released a Greenbook with any of its annual budget proposals.

**CDFI Fund:** The budget does not propose new funding for the Community Development Financial Institutions (CDFI) program, which was funded at \$324 million in FY26. In its place, the administration requests \$100 million for a new, more targeted Rural Financial Assistance Program to be used for financial assistance, technical assistance, training, and outreach to rural communities. It also proposes \$19.5 million for administrative expenses associated with the existing CDFI Fund programs and the New Markets Tax Credit program.

**Low-Income Home Energy Assistance Program:** The budget also calls for eliminating funding for LIHEAP, the sixth time the Trump Administration has done so. The program was funded at \$4.025 billion and \$4.045 billion in FY25 and FY26, respectively.

The administration believes program recipients will be better served through proposals throughout the FY27 budget request that lower energy prices and support “an America First economic platform.” The administration also highlights concerns with program integrity as justification for eliminating funding. The budget states “11,000 dead people were used to fraudulently receive funds” and “[m]ore than 1,000 income-ineligible Federal employees received LIHEAP.”