Project-Based Section 8 Rental Assistance
2024 FAQs

What is project-based Section 8 rental assistance?

Project-based Section 8 rental assistance (PBRA) is a public-private partnership to build and maintain affordable rental homes for low-income households. The U.S. Department of Housing and Urban Development (HUD) provides private owners of multifamily housing either a long-term project-based rental assistance contract or a subsidized mortgage, or in some cases both, to make units affordable.

Whom does PBRA serve?

Today, more than 2.1 million individuals in more than 1.3 million low- and very low-income households live in homes supported by PBRA. Fully 47 percent of all assisted households are headed by an elderly person, 17 percent are headed by a person with a disability, and 32 percent are families with children. To be eligible for PBRA, households must be low income (at or below 80 percent of area median income); however, PBRA typically serves households with incomes far below that threshold. The mean annual income of a household in a PBRA property is $17,700; 76 percent of PBRA households earn $20,000 or less per year.

Why is PBRA necessary?

PBRA provides low-income households with decent, safe, and sanitary housing for rents they can afford. Without it, many of these families would face worst-case housing needs, meaning they would pay more than half of their income for rent, live in severely inadequate physical conditions, or both.

PBRA supports a stock of long-term affordable housing and helps preserve and protect the federal investment that went into developing and maintaining it over the years. Without this assistance, many properties would convert to market-rate housing with potentially large rent increases current residents would not be able to afford. Alternatively, in the absence of rental subsidies, owners of these properties would not be able to generate sufficient rental income to maintain them in habitable condition. Without ongoing rental income, some developments would be unable to continue payments on existing debt, including mortgages insured by the Federal Housing Administration (FHA) and mortgages backed by bonds issued by state housing finance agencies (HFAs).

How does PBRA work?

PBRA makes up the difference between market rents and what low-income tenants can afford, based on paying 30 percent of their household income for rent. This vital program supports the affordable housing stock and maintains and protects the long-term historic federal investment in these assets, which would be costly to recreate. PBRA contracts provide subsidies for affordable multifamily rental developments to lower rental costs for low-income families and to help offset construction, rehabilitation, and preservation costs.

What is the economic impact of PBRA?

The PBRA portfolio leverages more than $17 billion in private financing and equity. Failure to fully fund PBRA contracts would deter this private investment and could result in short-funding Section 8 contracts covering thousands of apartments, two-thirds of which are occupied by elderly and disabled households.

Without ongoing rental income, some properties may be unable to continue payments on existing debt, including mortgages insured by FHA or backed by bonds issued by state housing finance agencies. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements. Of 17,700 total PBRA properties, more than 5,100 carry financing issued by FHA.

Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to greater local economic opportunity by providing 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.

What is the current funding level for PBRA?

The Fiscal Year 2023 Omnibus Appropriations Act provides $13.9 billion for project-based Section 8, including $13.6 billion for renewing existing contracts and up to $343 million for contract administration.

Who administers PBRA?

PBRA contracts are administered by HUD and state and local housing authorities. Many contract administrators are Section 8 Performance-Based Contract Administrators (PBCAs) under a program HUD developed to assign some contract administration duties to state and local housing authorities, while maintaining HUD oversight. PBCAs provide direct oversight and monitoring of the financial and physical conditions of project-based Section 8 properties. They conduct on-site management reviews of assisted properties, adjust contract rents, and review, process, and pay monthly vouchers submitted by owners.

Currently, 33 state HFAs serve as PBCAs. Refer to NCSHA's PBCA chart and map for more information.

What is the current status of the PBCA program?

In April 2012, HUD published a notice of funding availability (NOFA) as part of a national competition to award new PBCA contracts in 42 states. HUD was unable to award these contracts due to litigation against the department related to the terms of the NOFA. This litigation ended in April 2015 when the U.S. Supreme Court refused to review the case.

HUD decided after this litigation it had to award PBCA contracts through procurement as opposed to cooperative agreements, and it began the long and complicated process of developing a procurement framework. In December 2017, HUD published draft Requests for Proposals (RFPs) soliciting bids for national and regional contractors. These draft RFPs failed to comply with statutory requirements that HUD contract with public housing agencies (PHA); undermined the ability of rental assistance administrators to best serve the needs of assisted tenants, the properties in which they live, the communities in which those properties are situated, and ultimately, HUD's stated goals; and turned its back on years of programmatic success by disadvantaging effective and loyal partners.

In March 2018, HUD cancelled these draft RFPs after receiving extensive stakeholder comments and to reconsider its plans for obtaining the services to replace the current PBCA services. In its Joint Explanatory Statement on FY 2018 Appropriations, the House and Senate Appropriations committees agreed with HUD's decision to cancel the solicitations, citing "overwhelming stakeholder response" and directed HUD, within 90 days of enactment of the omnibus, to report on the staffing and funding needs that would be necessary to undertake a state-by-state contracting methodology.

In July 2022, HUD issued a new solicitation to procure PBCA contracts which would have had similar negative impacts as the 2017 RFP, in this case by replacing state-level administration of PBCA contracts with large regional entities and effectively prohibiting HFAs from bidding, thus ending decades of successful partnership with HUD. Again, however, in light of extensive stakeholder engagement, including by many HFAs, the House and Senate Appropriations committees responded by including bill text in the FY 2023 appropriations legislation explicitly prohibiting HUD from proceeding with a procurement action identical or substantially similar to the one issued in July 2022. HUD also was directed to conduct effective stakeholder outreach prior to initiating further procurement activity related to the PBCA contracts.

HUD has since conducted such outreach, including holding a meeting with a number of representatives of state HFAs, local PHAs, and others to discuss the future of the PBCA program. In its FY 2024 budget request, HUD requested statutory modifications that would allow it to use cooperative agreements to select state and local housing agencies through a Notice of Funding Opportunity.

What should Congress do to improve PBRA?

First, it is critical appropriations provide enough funding each fiscal year to renew all Section 8 PBRA contracts and adequately fund their administration. Failure to do so would jeopardize housing for vulnerable populations currently served, discourage private investment, and increase insurance risk.

Congress must also protect and improve the PBRA portfolio by providing HUD the statutory authority to overcome the barriers that prevented it from developing successful PBCA draft solicitations in the past. Specifically, Congress should give HUD the necessary authority to issue new PBCA awards under a cooperative agreement model, including preferences for entities with demonstrated experience successfully managing PBRA properties and units. At a time when access to affordable housing is critically limited in many parts of the country, disrupting this proven model for PBRA administration would exacerbate the challenges many families face in securing a place to call home.

HFAs are best positioned to maximize program effectiveness in a holistic, tenant-oriented, and asset-centric PBCA program, which HUD has said it wants. Congress should ensure HUD has the tools it needs to secure the future of the PBCA program that allows continued state-by-state PBRA administration by state HFAs with the willingness and authorization under state law to deliver PBRA services.