

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Overview of Housing Supply Programs

(Dollars in Thousands)

Program	2023 Enacted	2024 Annualized CR	2025 President's Budget
PRO Housing	85,000	85,000	100,000 ^a
HOME Investment Partnerships	1,500,000	1,500,000	1,250,000
Choice Neighborhoods	350,000	350,000	140,000
Indian Housing Block Grants Formula	787,000	787,000	820,000
Indian Housing Block Grant Competitive	150,000	150,000	150,000
Native Hawaiian Housing Block Grant	22,300	22,300	22,300
Housing Trust Fund	354,303	218,000	255,000
Rental Assistance Demonstration (RAD)	-	-	112,000
Community Development Block Grants	3,300,000	3,300,000	2,900,000
Public Housing Capital Fund Grants	3,200,000	3,200,000	3,200,000
Lead Hazard Reduction and Healthy Homes	410,000	410,000	350,000 ^b
Public Housing Grants for Housing Health Hazards	65,000	65,000	67,000
TOTAL	10,223,603	10,087,300	9,266,300

a/ The Budget provides up to \$100 million for PRO Housing funded through the Community Development Block Grant appropriation.

b/ The 2025 President's Budget includes a proposed \$155 million rescission in prior years' unobligated balances.

OVERVIEW

In the United States, experts estimate a shortage of roughly two million homes.¹ Rental vacancy rates are the lowest they have been since the mid-1980s, and 45 percent of renters are rent-burdened, meaning they spend 30 percent or more of their income on rent.² Driven by the largest shortfall of new housing units in 50 years, rents and housing prices continue to increase.

In response to this crisis, HUD has taken multiple actions to streamline and improve financing for rental housing. These actions have contributed to the largest number of units under construction on record. However, it takes time for units to be built before they can be leased.

Programs across HUD provide communities with important tools to address their housing supply shortage, from planning grants and technical assistance addressing local regulatory barriers to housing production, to grant and loan guarantee programs that help develop and preserve affordable housing. HUD funding supports a variety of housing solutions including manufactured housing, commercial-to-residential conversions, rehabilitation, mixed-use development, infill housing, and new construction for both renters and homeowners. The housing supply investments in this Budget demonstrate this Administration's ongoing commitment to tackling the affordability crisis despite challenging market conditions.

¹ <https://cre.moodyanalytics.com/insights/cre-news/one-good-year-does-not-solve-americas-housing-shortage/#:~:text=Assuming%20each%20segment%20of%20the.in%20turn%20discouraged%20household%20for%20mation.>

² <https://www.whitehouse.gov/cea/written-materials/2023/10/27/commercial-to-residential-conversion-addressing-office-vacancies/#:~:text=As%20of%20the%20end%20of,than%2030%20percent%20of%20their>

Planning for More Housing

HUD is empowering communities to plan for the housing supply they need. *Pathways to Removing Barriers to Housing (PRO Housing)*, for which this Budget provides up to \$100 million, provides a unique funding opportunity for communities to address barriers such as: restrictive zoning; burdensome permitting processes; inadequate or deteriorating infrastructure; threats from environmental or natural hazards; and other impediments to affordable housing. HUD received overwhelming interest in the initial PRO Housing competition with applicants from communities across the country. Increased funding for PRO Housing, through the CDBG framework, will allow HUD to support more communities while incorporating lessons learned from the inaugural round.

In addition to grants, HUD's planned technical assistance emphasizes topics related to housing supply, including zoning, innovative building techniques, and helping communities leverage resources in the Bipartisan Infrastructure Law for green and transit-oriented development.

Boosting Construction of New Housing

In addition to lending activities under the Federal Housing Administration (FHA), HUD has a number of programs that facilitate new construction in communities across the country.

The investment of *HOME* funds at \$1.25 billion would enable State and local grantees to support a variety of affordable housing activities, including the development or rehabilitation of over 7,000 affordable units for rent, as well as the provision of thousands more households with rental assistance.

Choice Neighborhoods grants, which enable local communities to develop and execute comprehensive community development plans, have put recipients on track to plan and build more than 35,000 units of new housing, many of which will replace distressed public housing and HUD-assisted multifamily units that were no longer suitable for housing.

The Native American Programs account includes the *Indian Housing Block Grant (IHBG)* formula and competitive grants which can be used to create new housing. In 2023, IHBG formula funds were used to build or acquire over 502 affordable housing units and substantially rehabilitate over 5,167 units. Over four funding cycles, IHBG competitive funds are projected to result in 2,600 new and rehabilitated units and critical affordable housing-related infrastructure.

The Native Hawaiian Housing Block Grant (NHHBG) program funds a wide range of affordable housing activities on Hawaiian home lands. Eligible activities include new construction, rehabilitation, acquisition, infrastructure, and various support services.

The *Housing Trust Fund* program provides critical funding for acquisition, rehabilitation, or construction of quality rental housing that is deeply targeted to be affordable to a community's most vulnerable populations. This fee-funded program is estimated to generate \$255 million in 2025 that can be used in the production or rehabilitation of more than 2,000 units of affordable rental housing for extremely low-income households over time.

Preserving Housing

Several HUD programs provide tools specifically for the preservation and rehabilitation of housing, so aging affordable housing stock remains affordable and habitable in the future or can reopen in the future.

The *Rental Assistance Demonstration* (RAD) serves as a powerful tool for public housing agencies (PHAs) to preserve and improve public housing properties and address the nationwide backlog of deferred maintenance. Through RAD, the Budget requests \$112 million to transition approximately 30,000 public housing units and 3,000 Section 202 Project Rental Assistance Contract units to a more sustainable platform—this includes \$62 million under Project Based Rental Assistance (PBRA) and \$50 million under Tenant Based Rental Assistance (TBRA). Since its creation, RAD has provided the platform for PHAs to recapitalize and infuse new public and private investment into deeply affordable rental housing while preserving the affordability of these rental homes in perpetuity. The program has unlocked over \$15 in funding for every \$1 of public housing appropriated funds. Between 2013 to 2022, RAD has secured and preserved housing under Section 8 for approximately 468,000 individuals.³

The *Community Development Block Grant* (CDBG) can be used for a wide variety of housing activities including acquisition, homeownership assistance, conversion of existing structures into rental housing and “starter” homes, manufactured housing, and rehabilitation and reconstruction of housing. In recent years, States and localities have invested over a quarter of their available CDBG funding toward preserving existing housing stock, expanding available affordable housing, and supporting low-and-moderate income homeowners and renters. Funding at \$2.9 billion would result in nearly 52,500 families served by housing-related activities, including direct homeownership assistance and home rehabilitation.

The *Community Development Loan Guarantee* program enables communities to leverage five times their annual CDBG allocations in low-cost financing to pursue transformative activities, many of which produce or preserve housing such as housing rehabilitation, adaptive reuse of commercial properties to residential uses, and mixed-use development. The Budget would support the financing of approximately \$124 million for housing rehabilitation. Legislative proposals in this Budget would increase HUD’s lending authority to \$400 million and make new construction of housing in mixed-used development an eligible activity.

Public Housing Capital Formula grants help ensure the more than 900,000 standing units of public housing stock are in safe and decent condition for the families served by the program.

HUD grants for *Lead Hazard Reductions and Healthy Homes* grants allow recipients to address home hazards that exacerbate health risks ranging from air quality to lead exposure for vulnerable communities, especially for low-income families with young children, which remains a serious concern in both public and private-market housing across the country. These programs preserve existing housing stock and ensure a continuous, long-term and viable supply of safe and healthy housing to low-income families across the country. Without these programs there is potential for properties to be uninhabitable due to lead hazard. HUD protected families from lead-based paint and other health hazards by making approximately 8,800 at-risk housing units healthy and lead-safe over the last two years. These are units where otherwise families could not live without endangering the health of the children, now made safe. In addition, this Budget seeks increased investments in remediation of lead and other health hazards for Public Housing Agencies through the *Public Housing Grants for Housing Health Hazards*, which has helped ensure that more than 18,000 standing units of public housing stock have reduced residential health hazards to the families served by the program. These funds will help take public housing units where families cannot or should not live and make them safe for habitation. Through both programs, small investments from HUD ensure that families do not have to choose between a home that endangers the long-term health of their children and no home at all.

³ <https://archives.hud.gov/news/2022/pr22-217.cfm>

SUMMARY

This Administration has taken steps to support local planning efforts, to streamline housing finance, and to boost housing supply and preservation across the country. This Budget targets Federal funding to allow communities to make progress in addressing their housing supply challenges.