

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Public and Indian Housing State Rental Assistance Program

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Adjustments	Total Resources	Obligations	Net Outlays
2024 Appropriation	-	-	-	-	-	-
2025 Appropriation	-	-	-	-	-	-
2026 President's Budget	36,212,000	-	-	36,212,000	31,812,000	23,859,000
Change from 2025	36,212,000	-	-	36,212,000	31,812,000	23,859,000

a/ The 2026 request includes \$4.4 billion advance appropriation available in FY 2027.

PROGRAM PURPOSE

The State Rental Assistance Program would transform the current complex system of rental assistance into a State-based formula grant that would empower State governments to design their own rental assistance initiatives based on their unique needs and preferences. This program would provide each State the opportunity to decide on how best to provide access to housing choice and better housing opportunities for very low- and extremely low-income families and provide assistance for their most vulnerable populations: the elderly and persons with disabilities.

BUDGET OVERVIEW

The 2026 President's Budget requests \$36.2 billion for the State Rental Assistance Program, including a \$4.4 billion advance appropriation available in FY 2027. The 2026 Budget recognizes a greater role for State and local governments, the private sector, and non-profits, to address housing affordability needs in localities across the Nation. HUD will continue to seek ways to partner with States to reform policies and reduce regulatory barriers to allow communities to transform neighborhoods and unleash the potential of their residents.

This program will distribute block grants to States, by formula. It will require that States:

1. Prioritize the rental assistance needs of the elderly and disabled;
2. Consider currently assisted households; and
3. Incentivize self-sufficiency among non-elderly, non-disabled residents, through the implementation of two-year time limits, as well as any other appropriate means.

The funding also includes \$25 million for Foster Youth to Independence grants for housing assistance.

This program would require authorizing language which would create a new program to replace all of HUD's current rental assistance subsidy programs: Housing Choice Vouchers, Public Housing, Project-Based Rental Assistance, Housing for the Elderly (Section 202), and Housing for Persons with Disabilities (Section 811). Authorizing language would also create the Foster Youth to Independence grant program.

JUSTIFICATION

The State Rental Assistance Program would be designed to allow States to develop their own programs and priorities for rental assistance based on their specific needs. The new program would allocate funds by formula to States. The formula would consider data on prior-year occupied housing units receiving rental assistance and could favor assistance provided for households with elderly or disabled residents over non-elderly non-disabled households. The formula could also be gradually adjusted to be more representative of the relative needs of each State, and in accordance with changing needs over time. HUD may also consider how to best incentivize State contributions.

HUD's expectation is that States will prioritize the funding to meet the needs of low-income elderly households and households that include people with disabilities. Rental assistance for non-elderly, non-disabled households would be limited to two years. HUD may consider, as a condition of receiving funding, requiring States to provide data to HUD on all individuals receiving assistance.

Within established rules, States would be free to design a program that works best for their local needs. For example, they could continue with a system like the current system, they could block grant to local governments, or they could provide direct cash grants to recipients. They could also provide shallower subsidies to more families or deeper subsidies to fewer. State and local governments could also supplement Federal funds with their own funding to maintain assistance for households that were served under the prior HUD rental assistance programs. Instead of spending time and money conforming with centralized HUD rules, States would be free to experiment and find local solutions to help local families. The new program would strip away bureaucracy and allow federal funds to flow more efficiently to targeted beneficiaries.

Through funding in the Research and Technology (R&T) account, HUD would offer implementation support to States by providing tools, templates, and supports to guide States in designing rental assistance programs that meet their unique local needs. HUD would also provide targeted/risk-based direct assistance to States and support the sharing of best practices among States pursuing a transition from existing HUD agreements with affordable housing providers to State or local agreements with these providers.

Foster Youth to Independence Grants

The Foster Youth to Independence grants would provide noncompetitive grants to States to provide housing assistance on behalf of youth that: 1) are at least 18 years and not more than 24 years of age (i.e., have not reached their 25th birthday); 2) left foster care or will leave foster care within 90 days, in accordance with a transition plan described in Section 475(5)(H) of the Social Security Act; and 3) are homeless or at risk of becoming homeless at age 16 or older. Assistance issued to such a youth may only be used to provide housing assistance for the youth for a maximum of 36 months.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2024 Budget Authority	2023 Carryover Into 2024	2024 Total Resources	2024 Obligations	2025 Appropriation	2024 Carryover Into 2025	2025 Total Resources	2026 President's Budget
State Rental Assistance	-	-	-	-	-	-	-	31,787,000
Foster Youth Housing	-	-	-	-	-	-	-	25,000
State Rental Assistance Program Advance Appropriations	-	-	-	-	-	-	-	4,400,000
Total	-	-	-	-	-	-	-	36,212,000

APPROPRIATIONS LANGUAGE

STATE RENTAL ASSISTANCE PROGRAM

For the state rental assistance program, \$31,787,000,000, to remain available until September 30, 2030, which shall be available on October 1, 2025, and \$4,400,000,000, to remain available until September 30, 2031, which shall be available on October 1, 2026: Provided, That such amounts shall be allocated by a formula to be developed by the Secretary and which may be adjusted annually to respond to changing needs and circumstances, as determined by the Secretary: Provided further, That, for fiscal year 2026, such formula shall allocate such amounts based on assistance provided for households in calendar year 2025 by rental assistance programs administered by the Secretary and not funded under this heading, and other factors, prioritizing those households in which the elderly or persons with disabilities reside: Provided further, That the Secretary shall establish program requirements to incentivize self-sufficiency, as appropriate, including but not limited to two-year time limits on assistance for households in which neither the elderly nor persons with disabilities reside: Provided further, That for any rental assistance program administered by the Secretary and not funded under this heading, the Secretary may waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with such program, upon a finding by the Secretary that any such waivers or alternative requirements are necessary to facilitate the implementation of the state rental assistance program: Provided further, That an additional \$25,000,000, to remain available until September 30, 2030, shall be for the foster youth housing program, and such additional amounts shall be allocated noncompetitively based on need, as determined by the Secretary.