

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2027 GENERAL PROVISIONS
(INCLUDING TRANSFER OF FUNDS)
(INCLUDING CANCELLATIONS)

This document summarizes the General Provisions (GPs) in the FY 2027 President's Budget.

SEC. 201. COMPETITION IN ACCORDANCE WITH HUD REFORM ACT.—Except as explicitly provided in law, any grant, cooperative agreement or other assistance made pursuant to title II of this Act shall be made on a competitive basis and in accordance with section 102 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545).

Explanation of this Section: This provision requires that HUD funds be subject to competition unless specified otherwise in statute.

SEC. 202. HUD CORPORATION SERVICES.—Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following new subsection: "(u) Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811-1)."

Explanation of this Section: This provision makes permanent that certain limitations on administrative expenses are inapplicable to certain expenditures of Ginnie Mae, including legal services contracts and the expenses of carrying out its programmatic duties. This provision ensures that administrative expenses provided in annual appropriations bills do not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in section 1 of the National Housing Act, for nonadministrative expenses.

SEC. 203. HUD CORPORATION EXPENDITURES.—Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of such Act as may be necessary in carrying out the programs set forth in the budget for 2027 for such corporation or agency except as hereinafter provided: Provided, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where

loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

Explanation of this Section: This provision is an authorization by which Congress implements its responsibilities under section 104 of the Government Corporations Control Act (31 U.S.C. 9104), which is necessary to carry out the programs set forth in Ginnie Mae's budget for the coming year.

SEC. 204. TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.—

(a) Notwithstanding any other provision of law, subject to the conditions listed under this section, for fiscal years 2027 and 2028, the Secretary of Housing and Urban Development may 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 multifamily housing project or projects to another multifamily housing project or projects.

(b) PHASED TRANSFERS. Transfers of project-based assistance under this section may be done in phases to accommodate the financing and other requirements related to rehabilitating or constructing the project or projects to which the assistance is transferred, to ensure that such project or projects meet the standards under subsection (c).

(c) The transfer authorized in subsection (a) is subject to the following conditions:

(1) NUMBER AND BEDROOM SIZE OF UNITS. The Secretary may authorize a reduction in the number of dwelling units in the receiving project or projects to allow for a reconfiguration of bedroom sizes to meet current market demands, as determined by the Secretary and provided there is no increase in the project-based assistance budget authority.

(2) The transferring project shall, as determined by the Secretary, be either physically obsolete or economically nonviable, or be reasonably expected to become economically nonviable when complying with State or Federal requirements for community integration and reduced concentration of individuals with disabilities.

(3) The receiving project or projects shall meet or exceed applicable physical standards established by the Secretary.

(4) The owner or mortgagor of the transferring project shall notify and consult with the tenants residing in the transferring project and provide a certification of approval by all appropriate local governmental officials.

(5) The tenants of the transferring project who remain eligible for assistance to be provided by the receiving project or projects shall not be required to vacate their units in the transferring project or projects until new units in the receiving project are available for occupancy.

(6) The Secretary determines that this transfer is in the best interest of the tenants.

(7) If either the transferring project or the receiving project or projects meets the condition specified in subsection (d)(2)(A), any lien on the receiving project resulting from additional financing obtained by the owner shall be subordinate to any FHA-insured mortgage lien transferred to, or placed on, such project by the Secretary, except that the Secretary may waive this requirement upon determination that such a waiver is necessary to facilitate the financing of acquisition, construction, and/or rehabilitation of the receiving project or projects.

(8) *If the transferring project meets the requirements of subsection (d)(2), the owner or mortgagor of the receiving project or projects shall execute and record either a continuation of the existing use agreement or a new use agreement for the project where, in either case, any use restrictions in such agreement are of no lesser duration than the existing use restrictions.*

(9) *The transfer does not increase the cost (as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C.661a)) of any FHA-insured mortgage, except to the extent that appropriations are provided in advance for the amount of any such increased cost.*

(d) *For purposes of this section:*

(1) *the terms "low-income" and "very low-income" shall have the meanings provided by the statute and/or regulations governing the program under which the project is insured or assisted;*

(2) *the term "multifamily housing project" means housing that meets one of the following conditions:*

(A) *housing that is subject to a mortgage insured under the National Housing Act;*

(B) *housing that has project-based assistance attached to the structure including projects undergoing mark to market debt restructuring under the Multifamily Assisted Housing Reform and Affordability Housing Act;*

(C) *housing that is assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);*

(D) *housing that is assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), as such section existed before the enactment of the Cranston-Gonzalez National Affordable Housing Act;*

(E) *housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013); or*

(F) *housing or vacant land that is subject to a use agreement;*

(3) *the term "project-based assistance" means:*

(A) *assistance provided under section 8(b) of the United States Housing Act of 1937 (42 U.S.C. 1437f(b));*

(B) *assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of such Act (as such section existed immediately before October 1, 1983);*

(C) *assistance payments made under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)); and*

(D) *assistance payments made under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2));*

(4) *the term "receiving project or projects" means the multifamily housing project or projects to which some or all of the project-based assistance, debt, and statutorily required low-income and very low-income use restrictions are to be transferred;*

(5) *the term "transferring project" means the multifamily housing project which is transferring some or all of the project-based assistance, debt, and the statutorily required low-income and very low-income use restrictions to the receiving project or projects; and*

(6) *the term "Secretary" means the Secretary of Housing and Urban Development.*

Explanation of this Section: This provision allows 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.

SEC. 205. ASSISTANCE FOR STUDENTS AT INSTITUTIONS OF HIGHER EDUCATION.—*No assistance shall be provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) to any individual who—*

(1) is enrolled as a student at an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002));

(2) is under 24 years of age;

(3) is not a veteran;

(4) is unmarried;

(5) does not have a dependent child;

(6) is not a person with disabilities, as such term is defined in section 3(b)(3)(E) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(E)) and was not receiving assistance under such section 8 as of November 30, 2005;

(7) is not a youth who left foster care at age 14 or older and is at risk of becoming homeless; and

(8) is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible, to receive assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Explanation of this Section: This provision clarifies the eligibility for assistance under section 8 of the United States Housing Act of 1937.

SEC. 206. MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY PROJECTS.—*Notwithstanding any other provision of law, in fiscal year 2027, in managing and disposing of any multifamily property that is owned or has a mortgage held by the Secretary of Housing and Urban Development, and during the process of foreclosure on any property with a contract for rental assistance payments under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or any other Federal programs, the Secretary shall maintain any rental assistance payments under section 8 of the United States Housing Act of 1937 and other programs that are attached to any dwelling units in the property. To the extent the Secretary determines, in consultation with the tenants and the local government that such a multifamily property owned or having a mortgage held by the Secretary is not feasible for continued rental assistance payments under such section 8 or other programs, based on consideration of (1) the costs of rehabilitating and operating the property and all available Federal, State, and local resources, including rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (in this section MAHRAA) (42 U.S.C. 1437f note), and (2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may, in consultation with the tenants of that property, contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance. The Secretary shall also take appropriate steps to ensure that project-based contracts remain in*

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effect prior to foreclosure, subject to the exercise of contractual abatement remedies to assist relocation of tenants for imminent major threats to health and safety after written notice to and informed consent of the affected tenants and use of other available remedies, such as partial abatements or receivership. After disposition of any multifamily property described in this section, the contract and allowable rent levels on such properties shall be subject to the requirements under section 524 of MAHRAA.

Explanation of this Section: This provision governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

SEC. 207. SMALL PHA ASSET MANAGEMENT EXEMPTIONS.— Public housing agencies that own and operate 400 or fewer public housing units may elect to be exempt from any asset management requirement imposed by the Secretary in connection with the operating fund rule: Provided, That an agency seeking a discontinuance of a reduction of subsidy under the operating fund formula shall not be exempt from asset management requirements.

Explanation of this Section: This provision permits small PHAs with 400 or fewer units to elect not to operate under asset management.

SEC. 208. ASSET MANAGEMENT REQUIREMENTS FOR CAPITAL FUNDS.—With respect to the use of amounts provided in this Act and in future Acts for the operation, capital improvement, and management of public housing as authorized by sections 9(d) and 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d), (e)), the Secretary shall not impose any requirement or guideline relating to asset management that restricts or limits in any way the use of capital funds for central office costs pursuant to paragraph (1) or (2) of section 9(g) of the United States Housing Act of 1937 (42 U.S.C. 1437g(g)(1), (2)): Provided, That a public housing agency may not use capital funds authorized under section 9(d) for activities that are eligible under section 9(e) for assistance with amounts from the operating fund in excess of the amounts permitted under paragraph (1) or (2) of section 9(g).

Explanation of this Section: This provision prohibits the Department from imposing requirements or guidelines related to asset management that restrict or limit the use of capital funds for PHAs' central office/overhead costs.

SEC. 209. DESIGNATED ALLOTMENT HOLDERS.—No official or employee of the Department of Housing and Urban Development shall be designated as an allotment holder unless the Office of the Chief Financial Officer has determined that such allotment holder has implemented an adequate system of funds control and has received training in funds control procedures and directives. The Chief Financial Officer shall ensure that there is a trained allotment holder for each HUD appropriation under the accounts "Executive Offices", "Administrative Support Offices", "Program Offices", "Government National Mortgage Association-Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account", and "Office of Inspector General" within the Department of Housing and Urban Development.

Explanation of this Section: This provision requires the OCFO to make sure that allotment holders have an adequate funds control system in place and that

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training on funds control procedures and directives has occurred for an official or employee before such official or employee is designated an allotment holder.

SEC. 210. NOFO PUBLICATION.—Section 102(a) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(a)) is amended by striking "in the Federal Register" each place where it appears and inserting "on the Internet at the appropriate Government website or through other electronic media, as determined by the Secretary,".

Explanation of this Section: This section permanently allows the Department to publish NOFOs and funding awards online instead of in the Federal Register, which generates cost savings while maintaining public access to funding opportunities and award announcements.

SEC. 211. TRANSFER OF FUNDS.—The Secretary may transfer funds appropriated for any office under the headings "Administrative Support Offices" or "Program Offices" to any other such office under such headings: Provided, That the Secretary shall provide notification to the House and Senate Committees on Appropriations no less than 3 business days in advance of any such transfer under this section up to 10 percent or \$5,000,000, whichever is less: Provided further, That the Secretary shall submit a written justification for any such transfer that increases or decreases an office by more than 10 percent or \$5,000,000, whichever is less, no less than 10 business days in advance of such transfer.

Explanation of this Section: This provision gives the Secretary the authority to transfer a limited amount of funds, as needed, between accounts that provide for personnel and non-personnel expenses.

SEC. 212. PHYSICAL CONDITION REQUIREMENTS.—

(a) Any entity receiving housing assistance payments shall maintain decent, safe, and sanitary conditions, as determined by the Secretary, and comply with any standards under applicable State or local laws, rules, ordinances, or regulations relating to the physical condition of any property covered under a housing assistance payment contract.

(b) The Secretary shall take action under subsection (c) when a multifamily housing project with a contract under section 8 of the United States Housing Act of 1937 (42 U.S.C.1437f) or a contract for similar project-based assistance—

(1) receives a failing score under the Uniform Physical Condition Standards (UPCS) or successor standard; or

(2) fails to certify in writing to the Secretary within 3 days that all Exigent Health and Safety deficiencies, or those deficiencies requiring correction within 24 hours, identified by the inspector at the project have been corrected. Such requirements shall apply to insured and noninsured projects with assistance attached to the units under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), but shall not apply to such units assisted under section 8(o)(13) of such Act (42 U.S.C.1437f(o)(13)) or to public housing units assisted with capital or operating funds under section 9 of the United States Housing Act of 1937 (42 U.S.C.1437g).

(c)(1) Within 15 days of the issuance of the Real Estate Assessment Center ("REAC") inspection, the Secretary shall provide the owner with a Notice of Default with a specified timetable, determined by the Secretary, for correcting all deficiencies. The Secretary shall provide a copy of the Notice of Default to the tenants, the local

government, any mortgagees, and any contract administrator. If the owner's appeal results in a passing score, the Secretary may withdraw the Notice of Default.

(2) At the end of the time period for correcting all deficiencies specified in the Notice of Default, if the owner fails to fully correct such deficiencies, the Secretary may

(A) require immediate replacement of project management with a management agent approved by the Secretary;

(B) impose civil money penalties, which shall be used solely for the purpose of supporting safe and sanitary conditions at applicable properties, as designated by the Secretary, with priority given to the tenants of the property affected by the penalty;

(C) abate the section 8 contract, including partial abatement, as determined by the Secretary, until all deficiencies have been corrected;

(D) pursue transfer of the project to an owner, approved by the Secretary under established procedures, who will be obligated to promptly make all required repairs and to accept renewal of the assistance contract if such renewal is offered;

(E) transfer the existing section 8 contract to another project or projects and owner or owners;

(F) pursue exclusionary sanctions, including suspensions or debarments from Federal programs;

(G) seek judicial appointment of a receiver to manage the property and cure all project deficiencies or seek a judicial order of specific performance requiring the owner to cure all project deficiencies;

(H) work with the owner, lender, or other related party to stabilize the property in an attempt to preserve the property through compliance, transfer of ownership, or an infusion of capital provided by a third-party that requires time to effectuate; or

(I) take any other regulatory or contractual remedies available as deemed necessary and appropriate by the Secretary.

(d) The Secretary shall take appropriate steps to ensure that project-based contracts remain in effect, subject to the exercise of contractual abatement remedies to assist relocation of tenants for major threats to health and safety after written notice to the affected tenants. To the extent the Secretary determines, in consultation with the tenants and the local government, that the property is not feasible for continued rental assistance payments under such section 8 or other programs, based on consideration of—

(1) the costs of rehabilitating and operating the property and all available Federal, State, and local resources, including rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRAA"); and

(2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance.

(e) The Secretary shall report semi-annually on all properties covered by this section that are assessed through the Real Estate Assessment Center and have failing physical inspection scores or have received an unsatisfactory management and occupancy review within the past 36 months. The report shall include—

(1) identification of the enforcement actions being taken to address such conditions, including imposition of civil money penalties and termination of subsidies, and identification of properties that have such conditions multiple times;

(2) identification of actions that the Department of Housing and Urban Development is taking to protect tenants of such identified properties; and

(3) any administrative or legislative recommendations to further improve the living conditions at properties covered under a housing assistance payment contract. The first report shall be submitted to the Senate and House Committees on Appropriations not later than 30 days after the enactment of this Act, and the second report shall be submitted within 180 days of the transmittal of the first report.

Explanation of this Section: This provision sets standards for the condition of all properties receiving HUD rental assistance. It also enhances HUD's ability to exercise oversight, mandate corrective action, and change management of properties receiving tenant-based or project-based rental assistance.

SEC. 213. PHA EXECUTIVE COMPENSATION.— None of the funds made available by this Act, or any other Act, for purposes authorized under section 8 (only with respect to the tenant-based rental assistance program) and section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), may be used by any public housing agency for any amount of salary, including bonuses, for the chief executive officer of which, or any other official or employee of which, that exceeds the annual rate of basic pay payable for a position at level IV of the Executive Schedule at any time during any public housing agency fiscal year 2027.

Explanation of this Section: This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale.

SEC. 214. EMINENT DOMAIN RESTRICTIONS.—

(a) Title V of the National Housing Act (12 U.S.C. 1731a et seq.) is amended by adding to the end the following new section: "Section 543. PROHIBITION ON INSURING MORTGAGES SUBJECT TO EMINENT DOMAIN. --The Federal Housing Administration and the Government National Mortgage Association may not insure, securitize, or establish a Federal guarantee of (1) any mortgage that refinances or otherwise replaces a mortgage that has been subject to eminent domain condemnation or seizure, by a State, municipality, or any other political subdivision of a State; or (2) any mortgage-backed security based on and backed up by such mortgage."

(b) Section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a) is amended by adding to the end the following new subsection: "(m) PROHIBITION ON GUARANTEEING LOANS SUBJECT TO EMINENT DOMAIN. -- Under this section, the Secretary may not guarantee any loan that refinances or otherwise replaces a loan that has been subject to eminent domain condemnation or seizure, by a State, municipality, or any other political subdivision of a State."

(c) Section 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13b) is amended by adding to the end the following new subsection: "(m) PROHIBITION ON GUARANTEEING LOANS SUBJECT TO EMINENT DOMAIN.-- Under this section, the Secretary may not guarantee any loan that refinances or otherwise replaces a loan that has been subject to eminent domain condemnation or seizure, by a State, municipality, or any other political subdivision of a State."

Explanation of this Section: This provision makes permanent provisions prohibiting HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain.

SEC. 215. UNOBLIGATED RESEARCH AWARDS.—Amounts made available by this Act that are appropriated, allocated, advanced on a reimbursable basis, or transferred to the Office of Policy Development and Research of the Department of Housing and Urban Development and functions thereof, for research, evaluation, or statistical purposes, and that are unexpended at the time of completion of a contract, grant, or cooperative agreement, may be deobligated and shall immediately become available and may be reobligated in that fiscal year or the subsequent fiscal year for the research, evaluation, or statistical purposes for which the amounts are made available to that Office.

Explanation of this Section: This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement.

SEC. 216. PROHIBITIONS ON AWARDS.—None of the funds provided in this Act or any other Act may be used for awards, including performance, special act, or spot, for any employee of the Department of Housing and Urban Development subject to administrative discipline (including suspension from work), in this fiscal year, but this prohibition shall not be effective prior to the effective date of any such administrative discipline or after any final decision over-turning such discipline.

Explanation of this Section: This provision prohibits the Department from issuing performance awards to employees subject to administrative discipline.

SEC. 217. MOVING TO WORK FLEXIBILITIES.— Any public housing agency designated as a Moving to Work agency pursuant to section 239 of division L of Public Law 114-113 (42 U.S.C. 1437f note; 129 Stat. 2897) may, upon such designation, use funds (except for special purpose funding, including special purpose vouchers) previously allocated to any such public housing agency under section 8 or 9 of the United States Housing Act of 1937, including any reserve funds held by the public housing agency or funds held by the Department of Housing and Urban Development, pursuant to the authority for use of section 8 or 9 funding provided under such section and section 204 of title II of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104-134; 110 Stat. 132128), notwithstanding the purposes for which such funds were appropriated.

Explanation of this Section: This provision allows public housing agencies designated as Moving to Work agencies to use pre-designation housing choice voucher and public housing funds, including reserves, consistent with the Moving to Work authorities.

SEC. 218. RENTAL ASSISTANCE DEMONSTRATION.—The language under the heading "Rental Assistance Demonstration" in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112-55), as most recently amended by Public Law 118-42, is further amended by striking the fourth proviso.

Explanation of this Section: This provision removes the limit on number of units that may convert assistance under the First Component of RAD.

SEC. 219. FORMULA GRANT ALLOCATION ADJUSTMENTS.—For fiscal year 2027, if the Secretary determines or has determined, for any prior formula grant allocation administered by the Secretary through the Offices of Public and Indian Housing, Community Planning and Development, or Housing, that a recipient received an allocation greater than the amount such recipient should have received for a formula allocation cycle pursuant to applicable statutes and regulations, the Secretary may adjust for any such funding error in the next applicable formula allocation cycle by (a) offsetting each such recipient's formula allocation (if eligible for a formula allocation in the next applicable formula allocation cycle) by the amount of any such funding error, and (b) reallocating any available balances that are attributable to the offset to the recipient or recipients that would have been allocated additional funds in the formula allocation cycle in which any such error occurred (if such recipient or recipients are eligible for a formula allocation in the next applicable formula allocation cycle) in an amount proportionate to such recipient's eligibility under the next applicable formula allocation cycle: Provided, That all offsets and reallocations from such available balances shall be recorded against funds available for the next applicable formula allocation cycle: Provided further, That the term "next applicable formula allocation cycle" means the first formula allocation cycle for a program that is reasonably available for correction following such a Secretarial determination: Provided further, That if, upon request by a recipient and giving consideration to all Federal resources available to the recipient for the same grant purposes, the Secretary determines that the offset in the next applicable formula allocation cycle would critically impair the recipient's ability to accomplish the purpose of the formula grant, the Secretary may adjust for the funding error across two or more formula allocation cycles.

Explanation of this Section: This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle.

SEC. 220. INFORMATION TECHNOLOGY TRANSFER AUTHORITY.—Of the amounts made available for salaries and expenses under all headings in this title (excluding amounts made available under the heading "Office of Inspector General"), a total of up to \$10,000,000 may be transferred to and merged with amounts made available in this title under the heading "Information Technology Fund".

Explanation of this Section: This provision allows for the transfer and merger of up to \$10 million in S&E funds to the Information Technology Fund.

SEC. 221. WAIVERS FOR VOUCHERS.—The Secretary may, upon a finding that a waiver or alternative requirement is necessary for the effective delivery and administration of funds made available for new incremental voucher assistance or renewals for the mainstream program and the family unification program (including the foster youth to independence program) in this and prior Acts, waive or specify alternative requirements, other than requirements related to fair housing, non-discrimination, labor standards, and the environment, for section 8(o)(6)(A) of the United States Housing Act of 1937 (42 U.S.C.

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1437f(o)(6)(A)) and regulatory provisions related to the administration of waiting lists, local preferences, and the initial term and extensions of tenant-based vouchers.

Explanation of this Section: This provision allows PHAs greater flexibilities in leasing their Mainstream, Family Unification, and Melania Trump Foster Youth to Independence vouchers.

SEC. 222. WHISTLEBLOWER PROTECTIONS.—The Secretary of Housing and Urban Development may include the whistleblower protections in section 4712 of title 41, United States Code, in any contract, subcontract, grant, subgrant, or personal services contract that is modified for any reason, even when the modification is not considered a major modification, regardless of when the agreement was executed.

Explanation of this Section: This provision provides HUD the clear authority to expeditiously include whistleblower protections of 41 U.S.C. 4712 within all contracts and grants, including project-based rental assistance contracts, rather than wait until there is a major modification.

SEC. 223. LUMP SUM INTEREST REDUCTION PAYMENTS.—

(a) Section 236 of the National Housing Act (12 U.S.C. 1715z-1) is amended--

(1) in subsection (c), by---

(A) designating the existing subsection (c) as (c)(1);

(B) by inserting in subsection (c)(1) ", except as described in (c)(2)," immediately before "in an amount not exceeding"; and

(C) by inserting after (c)(1), as redesignated above, the following new paragraph:"(2) During the term of the interest reduction payments, a project owner, including an owner subject to (e)(2) below, may request to combine the remaining interest reduction payments described in (c)(1) which the project owner would be eligible to receive under this section into one lump-sum payment, and the Secretary will pay this lump-sum amount to a mortgagee on behalf of the project owner provided the project owner agrees to remain subject to such binding commitments and affordability restrictions as projected prior to such lump sum payment."; and

(2) in subsection (e)(1), by---

(A) inserting "including the lump sum payment available under (c)(2)," after "As a condition for receiving the benefits of interest reduction payments, " ; and

(B) inserting "If a project owner that receives a lump-sum payment under (c)(2) fails to operate the project in accordance with requirements prescribed by the Secretary for the full period that would have been covered by monthly payments under (c)(1), all or a portion of such lump-sum payment will be subject to repayment to the Secretary." after the first sentence.

(b) The Secretary of Housing and Urban Development may implement the amendments made in subsection (a) by notice or other administrative means, including by providing alternative requirements to regulations implementing section 236 of the National Housing Act, other than provisions related to fair housing, nondiscrimination, labor standards, and the environment.

Explanation of this Section: This provision permanently allows 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 the 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. 224. PBCA MODIFICATIONS.—Notwithstanding sections 3(b) and 8 of the United States Housing Act of 1937 (the Act) and chapter 63 of title 31, United States Code, amounts made available to the Secretary in this or any prior Act under the headings "Project-Based Rental Assistance" or "Housing Certificate Fund" for performance-based contract administrators to carry out section 8 of the Act (42 U.S.C. 1437f), as implemented by the Secretary in chapter VIII of title 24, Code of Federal Regulations, may be awarded through a Notice of Funding Opportunity not subject to procurement laws or regulations: Provided, That such awards shall be deemed for all purposes to be cooperative agreements: Provided further, That for purposes of such Notice, eligible applicants are public housing agencies as defined by section 3(b)(6)(A) of the Act and nonprofits of such agencies when operating outside of the State or territory in which such agency is established: Provided further, That the Secretary shall award one cooperative agreement for each State or territory, except that the Secretary may award more than one cooperative agreement for a State or territory if the population of such State or territory exceeds 25,000,000: Provided further, That the Secretary may select the best qualified applicant regardless of whether it operates within the jurisdiction of the State or territory served: Provided further, That if the Secretary does not select a qualified applicant under such Notice, the Secretary may utilize a procurement contract subject to all procurement laws and regulations to assist in carrying out such section 8.

Explanation of this Section: This provision allows HUD to make the Performance-Based Contract Administrator (PBCA) solicitation process a Notice of Funding Opportunity (awarded cooperative agreements) rather than a procurement under the FAR, as currently required by court rulings. The language makes agreements on a state-by-state basis rather than regional and would make only public housing agencies (PHAs) (including State Housing Finance Agencies) eligible. If a PHA is not selected for any given state through the notice, then HUD would use a procurement contract to select an administrator.

SEC. 225. MOD REHAB AND SRO SUNSET.—Public housing agencies may not renew rental assistance contracts under the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(e)(2)) or the moderate rehabilitation single room occupancy program under section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401) after September 30, 2030.

Explanation of this Section: The PBRA account supports approximately 18,000 affordable units through the legacy Moderate Rehabilitation (Mod Rehab) and Single Room Occupancy (SRO) programs on year-to-year contracts. These units have a path

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to enter long-term Section 8 contracts through RAD (PBRA or PBV). Alternatively, owners can opt out of the Mod Rehab and SRO programs at contract expiration, in which case eligible families receive tenant protection vouchers (TPVs). HUD has already been conducting outreach to owners on these potential paths. This provision sunsets these two legacy programs within three years, giving owners time to develop plans for transition to one of these two alternative platforms.

SEC. 226. MARK-TO-MARKET EXTENSION.—The Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended in section 579 by striking "October 1, 2027" each place it appears and inserting in lieu thereof "October 1, 2029".

Explanation of this Section: This provision extends the authority to run the Mark to Market (M2M) program under Section 579 of MAHRAA to 2029 from its current expiration on September 30, 2027. Without the M2M program to reduce the debt, there may be a risk of default on the FHA-insured Section 8 properties if, because of reduced Section 8 rents, owners of these properties can no longer pay for property maintenance and mortgage payments. An extension of the M2M program will allow for the continuation of post-M2M debt assignment or forgiveness in Qualified Non-Profit preservation transactions and asset management of post-M2M debt.

SEC. 227. RENT ADJUSTMENTS.—For this fiscal year, the Secretary may elect through a Federal Register notice not to provide rent adjustments for properties receiving assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s), section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1(f)(2)), or section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) other than the voucher program under section 8(o), the moderate rehabilitation program under section 8(e)(2), and the moderate rehabilitation single room occupancy program under section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401).

Explanation of this Section: The Department provides project-based rental subsidies through programs such as Project-Based Rental Assistance (PBRA), Housing for the Elderly, and Housing for Persons with Disabilities, to approximately 20,000 private multifamily owners, for approximately 1.4 million households. The majority of these contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA), which requires the Department to provide annual rent adjustments. This provision enables the Department to suspend any requirement, including in MAHRAA, to provide annual rental adjustments in 2027.

SEC. 228. FULL FLEXIBILITY FOR ALL PHAS.—Of any amounts allocated to a public housing agency from funds appropriated under paragraphs (1) and (3) of the heading "Public Housing Fund", in prior Acts and paragraphs (1) and (2) of this Act (including operating reserve funds), the agency may use any such amounts for any eligible activities under sections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1) and (e)(1)), regardless of the paragraph from which the amounts were allocated and provided.

Explanation of this Section: This provides full flexibility between Public Housing Operating Subsidy and Capital Formula Grants for all PHAs.

SEC. 229. CANCELLATIONS.—

(a) *Of the unobligated balances included under Treasury Appropriation Fund Symbol 86 X 0303, \$4,258,174.91 is hereby permanently cancelled.*

(b) *Any unobligated balances of amounts made available in paragraph (2) under the heading "Community Development Fund" from fiscal year 2025 making appropriations for the Department of Housing and Urban Development are hereby permanently cancelled.*

(c) *Any unobligated balances from prior year appropriations included under Treasury Appropriation Fund Symbol 86-2025/2029-0483 are hereby permanently cancelled.*

(d) *Any unobligated balances from prior year appropriations included under Treasury Appropriation Fund Symbol 86-2025/2027-0108 are hereby permanently cancelled.*

(e) *Of the unobligated balances included under Treasury Appropriation Fund Symbol 86 X 4041, \$15,332,452.51 are hereby permanently cancelled.*

Explanation of this Section: This proposal cancels certain balances.

SEC. 230. ELIMINATING RECAPTURE AUTHORITIES.—

(a) *Section 231(a) of division H of the Consolidated Appropriations Act, 2020 (Public Law 116-94; 42 U.S.C. 11364a) is amended by inserting "fiscal year 2026 and prior years" after "Amounts recaptured from", and by striking "this or any succeeding fiscal year".*

(b) *Any remaining balances subject to section 231 of division H of the Further Consolidated Appropriations Act, 2020 (Public Law 116-94; 42 U.S.C. 11364a) as of October 1, 2027, may be made available only for grants under the Emergency Solutions Grant program under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371 et seq.) or for such program purposes as provided for under the heading "Homeless Assistance Grants" in this Act until expended.*

(c) *Notwithstanding prior appropriations Acts, any funds recaptured in fiscal year 2027 from funds appropriated under the heading "Department of Housing and Urban Development-- Community Planning and Development-- Homeless Assistance Grants" may only be made available during the period of availability specified under the heading and for the purposes for which the funds were appropriated.*

Explanation of this Section: This proposal eliminates the authorities that make Homeless Assistance Grants recaptures available until expended. Beginning on October 1, 2027, remaining balances would be used for the purposes of the expanded Emergency Solutions Grants program; subsequent recaptures would retain their original period of availability.

SEC. 231. REMOVING WORDS OF FUTURITY FOR APPROPRIATIONS

ATTORNEYS.—*Title II of Division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108-7), under the heading "Management and Administration--Salaries and Expenses" is amended—*

(1) *in the sixth proviso by striking "permanently"; and*

(2) *in the eighth proviso by striking "hereafter,".*

Explanation of this Section: This proposal removes the words of futurity from the 2003 appropriations act that moved appropriations law attorneys from OGC into OCFO.

SEC. 232. —

(a) *WORK REQUIREMENTS AND TIME LIMITS.--*

(1) *Section 12 of the United States Housing Act of 1937 (42 U.S.C. 1437j) is amended—*

(A) by striking the section heading and inserting "Labor Standards, Work Requirements, and Time Limits."; and

(B) by striking subsection (c) and inserting the following:

"(c) APPLICATION OF WORK REQUIREMENTS FOR ASSISTED FAMILIES.—

"(1) WORK REQUIREMENT.—

"(A) IN GENERAL.-- Except as provided in subparagraph (B), each individual who is a member of a family residing in a dwelling unit for which rental assistance is provided under this Act must, as a condition of the continued provision of such assistance, perform not fewer than on average 20 hours of approved work activities (as defined in section 407(d) of the Social Security Act (42 U.S.C. 607(d))) per week.

"(B) EXEMPTION.-- An individual is exempt from the requirements of subparagraph (A) if that individual

"(i) is a minor under the age of 18;

"(ii) is 62 years of age or older;

"(iii) is a person with disabilities (42 U.S.C. 1437a(b)(3)) and is unable to comply with subparagraph (A), or is a primary caretaker of such individual;

"(iv) meets the requirements for being exempted from having to engage in a work activity under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 607(e)(2));

"(v) is in a family receiving assistance under a State program funded under part A of the title IV of the Social Security Act (42 U.S.C. 601 et seq.), the Supplemental Nutrition Assistance Program (SNAP) of the Food and Nutrition Act of 2008 (P.L. 88-525; 7 U.S.C. 2011 et seq.), or Medicaid under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), who is subject to and is not exempt from the work

requirements of such programs, and has not been found by the State or other administering entity to be in noncompliance with such program's work requirements;

"(vi) is enrolled as a student in an institution of higher education as defined in section 102 of the Higher Education Act of 1965 (for a duration determined by the housing provider); or

"(vii) is a veteran receiving housing assistance under 41 U.S.C. 1437f(o)(19) and is actively participating in any mental health, substance abuse, rehabilitation, or recovery program prescribed or recommended by a Department of Veterans Affairs medical professional or case manager.

"(C) For two-parent households with no applicable exemption for either parent, with a child under age 6, both parents combined must perform not fewer than on average 40 hours of approved work activities per week.

"(2) TIME LIMIT ON ASSISTANCE FOR NON-EXEMPT INDIVIDUALS.—

"(A) IN GENERAL.-- No public housing agency or owner of a project may provide rental assistance under this Act on behalf of an adult individual who has received housing assistance under this Act for 60 months (whether or not consecutive), unless the individual is exempt under subsection (c)(1)(B).

"(B) COUNTING RULES.-- Months of rental assistance shall be counted in a manner consistent with section 408(a)(7) of the Social Security Act (Pub. L. 104-193; 110 Stat. 2134; 42 U.S.C. 608(a)(7)), including good-cause exceptions and hardship exemptions as determined by the Secretary."

(b) To implement the policies in subsection (a), the Secretary may—

(1) issue regulations to implement and enforce the requirements of paragraph (c)(1) of section 12 of the United States Housing Act of 1937 as added by this Act; and

(2) via regulations or Federal Register notice, establish policies and any hardship exemption that aligns, to the extent practicable, with TANF time-limit policies, or Medicaid and SNAP work requirements policies, including State reporting systems and verification standards.

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(c) Section 204(e)(2) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437f note) is amended by striking "other than housing assisted solely due to occupancy by families receiving tenant-based assistance".

(d) The amendments made by subsection (a)(1)(B) of this section shall become effective upon HUD publishing regulations or a notice implementing the requirements of this section.

Explanation of this Section: This provision gives the Secretary permanent authority to require PHAs 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 their age or status as a disabled individual.

SEC. 233. IMPROVING PHA PERFORMANCE.—

(a) The Secretary may require any public housing agency (PHA) to enter into a recovery agreement, as defined by the Secretary, if the PHA has—

(1) received a Public Housing Assessment System (PHAS) designation of substandard on the most recent PHAS assessment;

(2) received a Section 8 Management Assessment Program (SEMAP) score of 70 percent and below, or having received two out of three years of shortfall funding; or

(3) ongoing compliance deficiencies that materially impede effective housing choice voucher (HCV) performance.

(b) PHAs that fail to execute the agreement or meet its requirements may be referred to the Assistant Secretary for Public and Indian Housing for progressive remedial action, including a determination of a substantial default, as appropriate and after considering the PHA's efforts to comply.

Explanation of this Section: This provision gives greater authority to the Secretary to require PHAs with poor performance to enter into recovery agreements with HUD designed to improve property conditions and financial management.

SEC. 234. PROHIBITION ON NEW PUBLIC HOUSING UNITS.—The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) in section 9(d)(1)(A), by striking "development, "; and

(2) in section 18(d), by striking "significantly fewer than" after the second instance of "replacement public housing units is" and inserting "no more than half of".

Explanation of this Section: This provision permanently prohibits the use of Public Housing Capital Funds to develop new public housing, except when developing through Section 35 Mixed Finance transactions, in which case no more than half of the original units that were demolished can be developed.

SEC. 235. LOCATION OF GOVERNMENT NATIONAL MORTGAGE ASSOCIATION PRINCIPAL OFFICE.—Subparagraph (A) of section 302(a)(2) of the National Housing Act (12 U.S.C. 1717(a)(2)(A)) is amended—

(1) by adding "or the metropolitan area thereof" after "District of Columbia";

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- (2) by inserting "jurisdiction and" before "venue"; and*
- (3) by inserting "District of Columbia" before "resident" and striking "thereof".*

Explanation of this Section: This provision amends the Government National Mortgage Association authorizing statute to allow offices in the metropolitan area of Washington, DC.

SEC. 236. FAIRCLOTH LIMIT.—Section 9(g)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437g(g)(3)(A)) is amended by –

- (1) striking "October 1, 1999" and inserting "October 1, 2027"; and*
- (2) striking "or operated by" and inserting "operated, or proposed and under review by the Secretary for development or acquisition by".*

Explanation of this Section: This provision updates the point in time from which public housing Faircloth Limits are calculated.

SEC. 237. MELANIA TRUMP FOSTER YOUTH TO INDEPENDENCE INITIATIVE.—Section 8(x) of the United States Housing Act of 1937 (42 U.S.C. 1437f(x)) is amended by adding at the end the following paragraph:

“(7) FOSTER YOUTH PROGRAM NAME.— The program providing assistance under this subsection for an eligible youth pursuant to paragraph (2)(B) shall be known as ‘The Melania Trump Foster Youth to Independence Initiative’.”

Explanation of this Section: This provision permanently renames the Foster Youth to Independence program to the Melania Trump Foster Youth to Independence Initiative.