

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing for the Elderly (Section 202)

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Transfers	Total Resources	Obligations	Net Outlays
2025 Appropriation	931,400	399,215	-	(27,308)	1,303,307	1,152,479	964,000
2026 Appropriation	1,031,000	150,906	-	(36,000)	1,145,906	995,000	1,007,000
2027 President's Budget	959,000	148,000	-	(30,000)	1,077,000	929,000	1,222,000
Change from 2026	(72,000)	(2,906)	-	6,000	(68,906)	(66,000)	215,000

a/ 2025 Carryover includes \$5.2 million in recoveries of prior year unpaid obligations and \$2.3 million in offsetting collections.

b/ 2025 Transfers include \$27.3 million in transfers to Project-Based Rental Assistance for the Rental Assistance Demonstration (RAD) program.

c/ 2026 Carryover includes \$1.2 million in recoveries of prior year unpaid obligations and an estimated \$1.0 million in offsetting collections.

d/ 2026 Transfers include an estimated \$36 million in transfers to Project-Based Rental Assistance for the RAD program.

e/ 2027 Transfers include an estimated \$30 million in transfers to Project-Based Rental Assistance for the RAD program.

PROGRAM PURPOSE

The Housing for the Elderly (Section 202) program provides affordable housing with supportive services for the elderly through rental assistance contracts. The Section 202 program supports nonprofit entities in operating affordable housing for very low-income elderly tenants. Section 202 provides seniors with rental options that allow them to live independently and in an environment that provides a connection to supportive services such as cleaning, cooking, and transportation. Section 202 provides project-based rental assistance that covers the difference between HUD-approved operating costs of the project and the tenants' contributions toward rent. Prior year appropriations have also provided capital advance assistance to support new construction or rehabilitation of affordable housing for the elderly.

BUDGET OVERVIEW

The 2027 President's Budget requests \$959 million for Housing for the Elderly, which is \$72 million below the 2026 Enacted level. This includes:

- \$832 million for PRAC/SPRAC contract renewals and amendments;
- \$122 million for Service Coordinators/Congregate Services; and
- \$5 million for administrative and other related expenses.

JUSTIFICATION

The Section 202 Housing for the Elderly program provides affordable housing options with supportive services and accessibility features to vulnerable, very low-income elderly individuals. The Section 202 program is currently the only federally funded program that expressly addresses the need for affordable elderly rental housing.

PRAC/SPRAC Renewals and Amendments - \$832 million

The Budget includes \$832 million for Section 202 Project Rental Assistance Contract (PRAC)/Senior Preservation Rental Assistance Contract (SPRAC) renewals and amendments. The proposed amount will provide annual funding for approximately 118,000 households covered by the 2,800 contracts requiring renewal or amendment through December 2025. An additional 88 contracts covering 7,300 units will continue to receive monthly assistance in 2025 from initial PRAC awards and other

balances obligated in prior years. Continuation of annual operating cost support for all PRAC/SPRAC units helps address intensifying national needs for affordable housing for seniors. Demand from renters for Federal housing support dramatically exceeds supply, especially for older renters with very low-incomes, defined as less than or equal to 50 percent of area median income. In 2021, the number of renters aged 62 and over eligible for HUD rental assistance reached 5.9 million, an increase of almost 50 percent since 2011.¹

Service Coordinator/Congregate Housing Services - \$122 million

The Budget includes \$122 million to fully fund the renewal of the approximately 1,500 existing Service Coordinator and Congregate Housing Services grants. These grants support independent living and guard against premature transitions to nursing home care. Older adults living in HUD-assisted housing are more likely, on average, to have multiple chronic conditions than other older adults. Service coordination connects residents to the supportive services that they need to continue living independently and age in community-based settings.

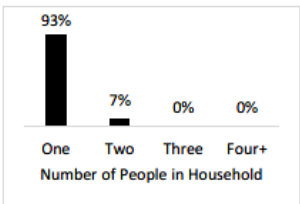
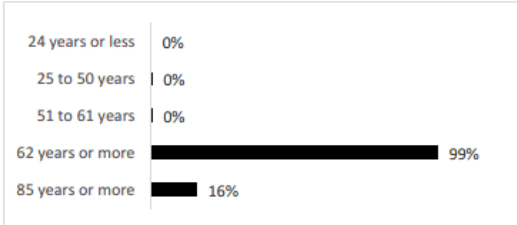
The Congregate Housing Services Program (CHSP) is a legacy program that now only funds renewals for 30 remaining grants. CHSP subsidizes the cost of supportive services that are provided on-site and in participants' homes, which may include, but are not limited to, congregate meals, housekeeping, personal assistance, transportation, and case management.

Other Expenses - \$5 million

The Budget provides \$5 million for the following contract services:

- Construction inspection for Capital Advance properties;
- Notes servicing for HUD-held notes;
- Commercial portfolio risk analytics and risk modeling; and
- Property Disposition:
 - Specialized inspection property analysis;
 - Marketing and advertisement placement;
 - Appraisals; and
 - Property management relocation services.

¹ "Housing America's Older Adults 2023". Joint Center for Housing Studies of Harvard University. Page 18. <https://www.jchs.harvard.edu/research-areas/aging>

Q1 2026 Section 202 Tenant Characteristics¹																								
<p>How many households and people are served?</p> <p>126 thousand people</p> <p>118 thousand households²</p>	<p>What are the racial and ethnic characteristics of the people served?</p> <p>45% of the people served are White, non-Hispanic and 55% are in a racial or ethnic minority group.</p> <table border="1"> <thead> <tr> <th><i>Asian/Pacific Islander</i></th> <th><i>Black, non-Hispanic</i></th> <th><i>Hispanic</i></th> <th><i>Native American</i></th> <th><i>White, non-Hispanic</i></th> </tr> </thead> <tbody> <tr> <td>12%</td> <td>24%</td> <td>18%</td> <td>1%</td> <td>45%</td> </tr> </tbody> </table>	<i>Asian/Pacific Islander</i>	<i>Black, non-Hispanic</i>	<i>Hispanic</i>	<i>Native American</i>	<i>White, non-Hispanic</i>	12%	24%	18%	1%	45%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children 0%</p> <p>Older adults (62+) 99%</p> <p>People younger than 62 with disabilities 1%</p>												
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<p>How big are the households?</p>  <table border="1"> <thead> <tr> <th>Number of People in Household</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>93%</td> </tr> <tr> <td>Two</td> <td>7%</td> </tr> <tr> <td>Three</td> <td>0%</td> </tr> <tr> <td>Four+</td> <td>0%</td> </tr> </tbody> </table>	Number of People in Household	Percentage	One	93%	Two	7%	Three	0%	Four+	0%	<p>How old are the heads of household?</p>  <table border="1"> <thead> <tr> <th>Age Group</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>24 years or less</td> <td>0%</td> </tr> <tr> <td>25 to 50 years</td> <td>0%</td> </tr> <tr> <td>51 to 61 years</td> <td>0%</td> </tr> <tr> <td>62 years or more</td> <td>99%</td> </tr> <tr> <td>85 years or more</td> <td>16%</td> </tr> </tbody> </table>	Age Group	Percentage	24 years or less	0%	25 to 50 years	0%	51 to 61 years	0%	62 years or more	99%	85 years or more	16%	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution: \$401</p> <p>Average HUD Contribution: \$585</p>
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<p>What are the income levels of assisted households?</p> <p>Assisted households have an average gross income of \$17,287.</p> <p>72% of households have incomes of \$20,000 or less per year</p>		<p>How do household incomes compare to the local area median income?</p> <p>Extremely low income (less than 30% AMI) 79%</p> <p>Very low income (30% to 50% AMI) 20%</p> <p>Low Income (50% to 80% AMI) 1%</p>																						

¹ Some percentage totals not equal to 100 due to rounding. Missing values are excluded from reported percentages.

² The number of households served at any given time and for which there are data reported may not total the number of Section 202 housing units under contract. However, the data on the characteristics of the 1.2 million reported households are representative of who is served through Section 202.

Source: Households reported to HUD's TRACS systems (via Form-50059; includes programs: S202/PRAC and S202/162 PAC) as of 12/2025 with effective dates spanning the prior 18 months.

The average adjusted annual household income for Section 202 PRAC tenants is approximately \$16,854. According to the American Housing survey, fewer than 38.8 percent of very low-income older adult households received any type of rental assistance. The demand for such programs is likely to increase further as the baby boomer generation continues to age. In addition to demand outpacing investments in elderly housing, the number of older Americans aged 62 and over with worst-case housing needs (meaning that they pay more than half their income in rent and/or live in severely inadequate conditions) is increasing. HUD's Worst-Case Housing Needs 2025 Report to Congress found that, in 2023, 2.46 million renter households headed by an elderly person had worst-case housing needs, an increase of 113,000 since 2021. This increase is largely attributed to the growing population of elderly, very low-income (VLI) renter households, of which 40 percent had worse-case housing needs in 2021. Low-income elderly households that rely on fixed incomes may be less likely than households with wage income to benefit from positive economic trends and may be negatively affected by rising market rents. Section 202 helps to reduce the number of vulnerable seniors experiencing worst-case housing needs or homelessness. With the assistance of service coordinators, many of these residents can access community-based services designed to help them stay longer in their housing, age in the community, and avoid more expensive institutional settings.

Key Assumptions

For 2027, HUD is requesting legislative authority to maintain property rents at the levels approved in 2026. Baseline needs for 2026 have also been adjusted to account for PRAC contracts converting to

Project-Based Rental Assistance (PBRA) through the Rental Assistance Demonstration (RAD) program.

The 2027 Service Coordinator/Congregate Housing Services request incorporates an estimated three percent cost-of-living adjustment (COLA) for service coordinator salaries. The COLA is published annually by the Social Security Administration.

Stakeholders

HUD collaborates with a range of stakeholders including property nonprofit owners/managers, tenant advocacy organizations, service providers, congressional committees, research institutions/think tanks, industry partners, and other Federal Agencies to ensure the successful implementation of the Section 202 program. HUD regularly meets with residents, advocates, owners, property managers, State and local officials, and service coordinators through association meetings, conferences, and individual meetings to disseminate and explain program status and updates and collect feedback to inform program implementation and policy. This collaborative approach helps HUD address challenges, gather feedback, make informed policy decisions, and improve the overall effectiveness of the program.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2025 Budget Authority	2024 Carryover Into 2025	2025 Adjustments	2025 Total Resources	2025 Obligations	2026 Appropriation	2025 Carryover Into 2026	2026 Adjustments	2026 Total Resources	2027 President's Budget
Elderly PRAC/SPRAC										
Renewals/Amendments	815,400	241,189	(5,083)	1,051,506	979,951	905,000	77,167	(36,000)	946,167	832,000
Service Coordinators/Congregate Services	112,000	111,761	-	223,761	154,488	122,000	67,739	-	189,739	122,000
Intergenerational Dwelling Units	-	35,000	(16,960)	18,040	18,040	-	-	-	-	-
Capital Advance Preservation	-	11,265	(5,265)	6,000	-	-	6,000	-	6,000	-
Other Expenses	4,000	-	-	4,000	-	4,000	-	-	4,000	5,000
Senior Preservation Rental Assistance Contracts SPRAC [Expansion] [Non-Add]	-	500	(500)	-	-	-	-	-	-	-
Total	931,400	399,215	(27,308)	1,303,307	1,152,479	1,031,000	150,906	(36,000)	1,145,906	959,000

a/ 2025 Carryover includes \$5.2 million in recoveries of prior year unpaid obligations and \$2.3 million in offsetting collections.

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LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

The 2027 President’s Budget proposes the following general provisions:

- **Transfers of Assistance, Debt, and Use Restrictions:** 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. 204)
- **Management and Disposition of Certain Multifamily Projects:** This provision governs the use of project-based subsidy in connection with managing and disposing of multifamily properties. (Sec. 206)
- **Rent Adjustments:** 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. 227)

APPROPRIATIONS LANGUAGE

The 2027 President's Budget includes the appropriations language listed below.

For capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), for project rental assistance for the elderly under section 202(c)(2) of such Act, including amendments to contracts for such assistance and renewal of expiring contracts for such assistance for up to a 5-year term, for senior preservation rental assistance contracts, including renewals, as authorized by section 811(e) of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), and for supportive services associated with the housing, and for administrative and other expenses associated with assistance funded under this heading, \$959,000,000, to remain available until September 30, 2030: Provided, That of the amount made available under this heading, up to \$122,000,000 shall be for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects: Provided further, That upon request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 202 project rental assistance contract, and that upon termination of such contract are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to remain available until September 30, 2030: Provided further, That amounts deposited in this account pursuant to the preceding proviso shall be available, in addition to the amounts otherwise provided by this heading, for the purposes authorized under this heading: Provided further, That unobligated balances, including recaptures and carryover, remaining from funds transferred to or appropriated under this heading shall be available for the current purposes authorized under this heading in addition to the purposes for which such funds originally were appropriated.