

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Project-Based Rental Assistance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Transfers	Total Resources	Obligations	Net Outlays
2025 Appropriation	16,890,000	246,235	-	41,862	17,178,097	16,883,185	17,150,653
2026 Appropriation	18,543,000	294,315	-	59,000	18,896,315	18,582,000	18,528,000
2027 President's Budget	17,640,000	315,000	(4,300)	58,000	18,008,700	17,694,000	17,970,000
Change from 2026	(903,000)	20,685	(4,300)	(1,000)	(887,615)	(888,000)	(558,000)

a/ 2025 Appropriated funds (from P.L. 119-4) total \$16.9 billion, including \$2 billion designated as an emergency requirement.

b/ 2025 Total Resources include carryover of \$185 million, \$61 million of recaptures realized in 2025, and the transfer of \$23 million from Housing for the Elderly, \$18 million from Public Housing, and \$1 million from Tenant-Based Rental Assistance (TBRA) for Rental Assistance Demonstration (RAD) Conversions.

c/ 2026 Total Resources include \$294 million from carryover. Additionally, transfers of an estimated \$34 million from Housing for the Elderly, \$15 million from the Public Housing Fund, and \$10 million from TBRA are expected for RAD conversions.

d/ 2027 Total resources include \$315 million in estimated carryover. Additionally, estimated transfers of \$28 million from Housing for the Elderly, \$20 million from the Public Housing Fund, and \$10 million from TBRA are expected for RAD conversions.

e/ 2027 Budget includes a proposed rescission of \$4.3 million in unobligated legacy RAD balances.

PROGRAM PURPOSE

The Project-Based Rental Assistance (PBRA) program provides approximately 1.3 million safe, decent, and affordable housing units for low-income and very low-income families. Without this critical assistance, many currently affordable properties would either convert to market rates or be unable to generate enough rental income to maintain adequate living conditions.

BUDGET OVERVIEW

The 2027 President's Budget requests \$17.6 billion for the PBRA program, which is \$903 million less than the 2026 Enacted level. This includes:

- \$17.1 billion for contract renewals and amendments, including \$184 million for Section 8 Moderate Rehabilitation and the Single Room Occupancy Program for Homeless Individuals (commonly known as the Mod Rehab and SRO programs) renewals.
- \$529 million for Performance-Based Contract Administrators (PBCAs).

JUSTIFICATION

Contract Renewals and Amendments

The Budget includes \$17.1 billion to fully fund the renewal or amendment of approximately 17,500 rental assistance contracts, providing approximately 1.2 million safe, stable, and affordable housing units for low-income, very low-income, and extremely low-income households. The PBRA program serves some of the Nation's most vulnerable populations, including seniors and persons with disabilities (demographic detail below in chart). The total for contract renewals and amendments includes \$61 million for contracts converted to PBRA via the Rental Assistance Demonstration (RAD) requiring PBRA budget authority for the first time. The total also includes \$184 million for legacy contract renewals from the Mod Rehab and SRO programs. This total does not include any funding for Mark-to-Market (M2M) budget-based rent adjustments (BBRAs).

PBRA contracts are public-private partnerships working with for-profit and non-profit property owners in local communities; PBRA contracts provide a crucial Federal investment in the Nation's stock of deeply affordable housing. In places of disinvestment, PBRA improves housing quality and safety through more stringent management and occupancy standards than are generally required under State and local law. In places with high housing costs, PBRA provides access to affordable housing not otherwise available for many households.

The program maintains and protects the long-term Federal investment in these assets. Nationally, only 38 affordable units are available per 100 extremely low-income renters. Approximately 52 percent of assisted households are headed by seniors, 15 percent by persons with disabilities, and 22 percent by families with children. Without rental assistance, many of these households would not be able to access housing at local market rates or would have very high housing costs. Households that are burdened with high housing costs, income growth unable to keep pace with rent costs, or strong competition for available rental units each have a detrimental effect on the availability of units affordable to renters with incomes at and below 50 percent of Area Median Income (AMI). PBRA funding directly reduces worst-case housing needs by providing affordable housing to populations likely to be in this situation, including families with children, seniors, and persons with disabilities.

The PBRA program is a crucial component of the Federal housing safety net for people in need. PBRA-assisted multifamily housing stabilizes neighborhoods and supports greater local economic opportunity. The program contributes to employment, increases the buying power of assisted tenants in support of local businesses, and increases 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. Because PBRA contracts are a place-based investment, they provide opportunities for the Department to engage with communities where they are located and foster connections between PBRA properties and health-related initiatives and supportive services programs at the local level.

Without ongoing rental income, some properties may be unable to continue payments on existing debt, including mortgages insured by the Federal Housing Administration (FHA) or backed by bonds issued by State housing finance agencies. More than 4,900 PBRA properties carry financing issued by FHA. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital for investment in construction repairs and improvements.

Rental Assistance Demonstration (RAD) Activities

RAD conversion to a long-term section 8 contract under PBRA or Project-Based Vouchers (PBV) under the TBRA account is a powerful tool to secure the Federal safety net that has preserved over 233,000 affordable homes thus far. Through RAD, PHAs and other owners are able to re-invest in and preserve properties so that they can continue to support affordability into the future.

The outcomes associated with the converted public housing units are particularly noteworthy:

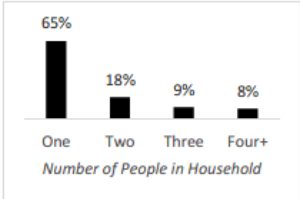
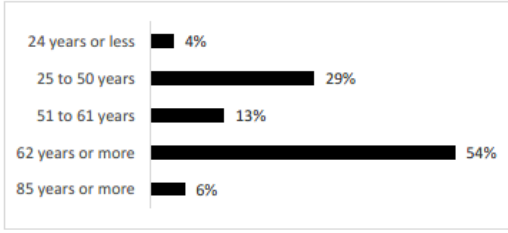
- PHA development teams generated over \$26 billion, or over \$100,000 per home, for the rehabilitation or redevelopment of modern, safe, and affordable housing for low-income households. These teams have secured over \$18 for every \$1 of appropriated public housing funds contributed to project budgets.

- Some of the most distressed public housing apartments have been demolished and replaced with over 23,000 newly constructed affordable homes.
- Over 10,000 homes have been moved into neighborhoods with greater access to jobs, schools, and transportation.
- All properties have been evaluated for and required to mitigate harmful substances, including radon, lead, asbestos, carbon monoxide, and mold.
- Over 500,000 jobs have been created, directly or indirectly, through RAD construction activities, including many jobs for low-income persons through HUD's Section 3 requirements.

Despite the progress made through RAD, the remaining public housing stock has a substantial capital needs backlog. Similarly, many properties assisted under Section 202 and Section 811 PRACs have reached an age in their lifecycle where they require rehabilitation and modernization to address capital needs, incorporate broadband technology, upgrade facilities to provide greater levels of support to an aging population, and make other necessary improvements. The public housing, Section 202 project rental assistance contracts (PRAC), and Section 811 project rental assistance contracts (PRAC) portfolios, long hindered by inattention to lifecycle capital improvements and modernization, require a cost-effective, leveraged strategy to achieve comprehensive modernization and to ensure that benefits of improved or redeveloped assets are achieved throughout the country.

Performance-Based Contract Administrators

The Budget includes \$529 million to ensure critical PBCA fee-based services continue without interruption in 2027. These funds support Management and Occupancy Reviews, processing monthly Housing Assistance Payments (HAP) voucher reviews and payments, responding to resident complaints, verifying program compliance, processing HAP Contract renewals, processing rent adjustments, and other PBCA services that support the efficiency and quality of the program. From time to time, new RAD properties enter the PBRA portfolio and require contract administration, so the requested level includes support for a small number of transfers.

Q1 2026 Project-Based Rental Assistance (PBRA) Tenant Characteristics¹												
<p>How many households and people are served?</p> <p>2.0 million people</p> <p>1.2 million households</p>	<p>What are the racial and ethnic characteristics of the people served?</p> <p>31% of the people served are White, non-Hispanic and 69% are in a racial or ethnic minority group.</p> <table border="1"> <thead> <tr> <th><i>Asian/Pacific Islander, non-Hispanic</i></th> <th><i>Black, non-Hispanic</i></th> <th><i>Hispanic</i></th> <th><i>Native American, non-Hispanic</i></th> <th><i>White, non-Hispanic</i></th> </tr> </thead> <tbody> <tr> <td>5%</td> <td>41%</td> <td>21%</td> <td>1%</td> <td>31%</td> </tr> </tbody> </table>	<i>Asian/Pacific Islander, non-Hispanic</i>	<i>Black, non-Hispanic</i>	<i>Hispanic</i>	<i>Native American, non-Hispanic</i>	<i>White, non-Hispanic</i>	5%	41%	21%	1%	31%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children 22%</p> <p>Older Adults (62+) 54%</p> <p>People younger than 62 with disabilities 14%</p>
<i>Asian/Pacific Islander, non-Hispanic</i>	<i>Black, non-Hispanic</i>	<i>Hispanic</i>	<i>Native American, non-Hispanic</i>	<i>White, non-Hispanic</i>								
5%	41%	21%	1%	31%								
<p>How big are the households?</p> 	<p>How old are the heads of household?</p> 	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution: \$389</p> <p>Average HUD Contribution: \$1,174</p>										
<p>What are the income levels of assisted households?</p> <p>Assisted households have an average gross income of \$16,427. 74% 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) 82%</p> <p>Very low income (30% to 50% AMI) 16%</p> <p>Low Income (50% to 80% AMI) 2%</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 PBRA housing units under contract. However, the data on the characteristics of the 1.2 million reported households are representative of who is served through PBRA.

Source: Households reported to HUD's TRACS systems (via Form-50059) as of 12/31/2025 with effective dates spanning the prior 18 months.

Key Assumptions

For 2027, HUD is requesting legislative authority to maintain property rents at the levels approved in 2026.

The PBCA level assumes continuation of services under extension of current agreements and includes projected inflationary increases in fees that are indexed with changes in Fair Market Rent. The Budget does not assume carryover balances to support PBCAs.

Stakeholders

HUD collaborates with a range of stakeholders, including PHAs, PBCAs, property owners/managers, tenant advocacy organizations, congressional committees, research institutions/think tanks, industry, and other Federal agencies to ensure the successful implementation of the PBRA program. HUD regularly meets with residents, advocates, state and local officials, owners, and property managers to disseminate and explain program updates and collect feedback to inform program implementation and policy. This collaborative approach helps HUD address challenges, make informed policy decisions, and improve the overall effectiveness of the program. The Administration is working to make the PBRA program more effective by enhancing stakeholder engagement, streamlining administrative processes, promoting flexibility and local decision-making, encouraging public-private partnerships, and improving data collection and analysis. These strategies aim to optimize the Federal Government's support for affordable housing.

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
Contract Renewals	16,422,000	235,589	41,862	16,699,451	16,414,185	17,963,905	266,327	35,000	18,285,232	17,111,000
Advanced Appropriations from last Fiscal Year [Non-Add]	400,000	-	-	400,000	-	400,000	-	-	400,000	400,000
Advance Appropriations for next Fiscal Year [Non-Add]	400,000	-	-	400,000	-	400,000	-	-	400,000	400,000
Classified as Emergency/Disaster [Non-Add]	2,000,000	252	-	2,000,252	1,972,359	-	27,855	-	27,855	-
Mod Rehab and SRO Renewals [Non-Add]	183,000	47,839	-	230,839	127,099	86,260	103,740	-	190,000	184,000
Mark-to-Market Rent Adjustments	-	-	-	-	1,000	50,095	17,213	-	67,308	-
Contract Administrators	468,000	-	-	468,000	468,000	509,000	-	24,000	533,000	529,000
Tenant Education and Outreach	-	6,066	-	6,066	-	-	6,066	-	6,066	-
Contract Renewals CARES Act	-	322	-	322	-	-	451	-	451	-
Rescission - Unobligated Legacy RAD Balances	-	4,258	-	4,258	-	-	4,258	-	4,258	-
Total	16,890,000	246,235	41,862	17,178,097	16,883,185	18,543,000	294,315	59,000	18,896,315	17,640,000

a/ The net 2026 adjustment of \$35 million for Contract Renewals reflects an additional \$59 million transferred to PBRA for RAD conversions minus \$24 million that is reprogrammed to Contract Administrators.

b/ While not shown in the 2027 President's Budget column above, please note that the 2027 Budget includes a proposed rescission of \$4.3 million in unobligated legacy RAD balances.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

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)
- **Assistance for Students at Institutions of Higher Education:** This provision clarifies the eligibility for assistance under section 8 of the United States Housing Act of 1937. (Sec. 205)
- **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)
- **Rental Assistance Demonstration:** This provision removes the limit on number of units that may convert assistance under the First Component of RAD. (Sec. 218)
- **Whistleblower Protections:** 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. 222)
- **Lump Sum Interest Reduction Payments:** 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. 223)

- **PBCA Modifications:** 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. 224)
- **Mod Rehab and SRO Sunset:** 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 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. 225)
- **Mark-to-Market Extension:** 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. 226)
- **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)
- **Cancellations:** This proposal cancels certain balances. (Sec. 229)
- **Work Requirements and Time Limits:** 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. 232)

APPROPRIATIONS LANGUAGE

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

For activities and assistance for the provision of project-based subsidy contracts under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) ("the Act"), not otherwise provided for, \$17,240,000,000, to remain available until expended, shall be available on October 1, 2026 (in addition to the \$400,000,000 previously appropriated under this heading that became available October 1, 2026), and \$400,000,000, to remain available until expended, shall be available on October

1, 2027: Provided, That the amounts made available under this heading shall be available for expiring or terminating section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for amendments to section 8 project-based subsidy contracts (including section 8 moderate rehabilitation contracts), for contracts entered into pursuant to section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401), for renewal of section 8 contracts for units in projects that are subject to approved plans of action under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990, and for administrative and other expenses associated with project-based activities and assistance funded under this heading: Provided further, That of the total amounts provided under this heading, not to exceed \$529,000,000 shall be available for performance-based contract administrators for section 8 project-based assistance, for carrying out 42 U.S.C. 1437(f): Provided further, That the Secretary may also use such amounts in the preceding proviso for performance-based contract administrators for the administration of: interest reduction payments pursuant to section 236(a) of the National Housing Act (12 U.S.C. 1715z-1(a)); rent supplement payments pursuant to section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s); section 236(f)(2) rental assistance payments (12 U.S.C. 1715z-1(f)(2)); project rental assistance contracts for the elderly under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q); project rental assistance contracts for supportive housing for persons with disabilities under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2)); project assistance contracts pursuant to section 202(h) of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667); and loans under section 202 of the Housing Act of 1959 (Public Law 86-372; 73 Stat. 667): Provided further, That amounts recaptured under this heading, the heading "Annual Contributions for Assisted Housing", or the heading "Housing Certificate Fund", may be used for renewals of or amendments to section 8 project-based contracts or for performance-based contract administrators, notwithstanding the purposes for which such amounts were appropriated: Provided further, That, notwithstanding any other provision of law, upon the request of the Secretary, project funds that are held in residual receipts accounts for any project subject to a section 8 project-based housing assistance payments contract that authorizes the Department or a housing finance agency to require that surplus project funds be deposited in an interest-bearing residual receipts account and that are in excess of an amount to be determined by the Secretary, shall be remitted to the Department and deposited in this account, to be available until expended: Provided further, That amounts deposited pursuant to the preceding proviso shall be available in addition to the amount otherwise provided by this heading for uses authorized under this heading.