

June 4, 2025

The Honorable Scott Turner
Secretary
U.S. Department of Housing and Urban Development
451 Seventh Street SW
Washington, DC 20410

Dear Secretary Turner,

On behalf of the National Association of Home Builders (NAHB), I am writing to underscore the important role that HUD's rental assistance and new construction programs play in making housing opportunities available for low- to moderate-income Americans. NAHB is extremely disappointed in the draconian cuts to vital HUD programs in President Trump's Fiscal Year (FY) 2026 Discretionary Budget Request. In the interest of providing much-needed housing for Americans of all income levels, I strongly urge the administration to reconsider its proposal.

NAHB's members utilize a number of federal programs administered by HUD and other federal agencies. Although the following list is not exhaustive, it does represent HUD's most important programs for our members and the modest income Americans they serve:

- **FHA Multifamily Mortgage Insurance:** Most notably the Section 221(d)(4) Program for multifamily new construction and substantial rehabilitation and the Section 223(f) Program for multifamily refinancing;
- **HUD Block Grant Programs:** HOME Investment Partnerships Program (HOME) and the Community Development Block Grant (CDBG); and
- **HUD Rental Assistance:** Primarily Section 8 Project Based Rental Assistance (PBRA) and the Housing Choice Voucher (HCV) Programs.

Each of these programs serves an important purpose. They are complementary, but they are not interchangeable. Different strategies are necessary to meet the housing needs of families, senior citizens and disabled persons with different income levels and in different parts of America. The array of federal government programs developed over the years in response to identified needs are essential elements in ensuring that there are affordable housing options.

On behalf of our multifamily members, NAHB requests full funding for all PBRA and HCV contract renewals and amendments, funding for new HCV vouchers, and a minimum appropriation of \$1.5 billion for the HOME Program.

NAHB strongly opposes the \$26.7 billion cut and block granting of HUD's rental assistance programs — which include PBRA, the HCV Program, and other housing program funds for the public, elderly and disabled. Likewise, NAHB strongly opposes defunding the HOME and CDBG Programs. These critical HUD programs are absolutely necessary to expand the supply and availability of affordable housing. In our members' experience, it is virtually impossible to construct new apartments for the lowest-income families or rent to the poorest households without a government subsidy.

HUD's own data¹ show that its rental assistance programs serve the most vulnerable residents. The 2024 nationwide data on tenant demographics, income levels and other information across HUD's subsidized housing programs² reveals:

- The average household income is \$17,859;
- 95% of subsidized tenants qualify as very low income;
 - 78% of whom count as extremely low income;
- 42% of subsidized households have an elderly (at least 62 years of age) head of household or spouse; and
- 24% of households have a disabled person living in the unit.

If adopted, the administration's proposed cuts will have a devastating impact on new construction of affordable apartments, and preservation of existing affordable units, as well as low-income renters. In fact, NAHB members report that the very prospect of these cuts is already disrupting capital markets. Uncertainty about the future of these programs is making lenders and investors hesitant to commit funds for constructing and preserving affordable housing. Furthermore, rental assistance block grants to states as a housing preservation tool will not have the same effectiveness as long-term PBRA and project-based HCV contracts. As HUD is aware from its success recapitalizing public housing through the Rental Assistance Demonstration (RAD) Program, a long-term PBRA or project-based HCV contract is a key factor in securing private capital from lenders. Lenders regard long-term PBRA and project-based HCV contracts (generally 10 years or more) as a consistent source of income for the property. When private housing providers can show that they have a long-term PBRA or project-based HCV rental assistance contract with HUD, lenders and investors have a much higher degree of confidence that these are established, long-standing housing programs, and the federal government will honor its commitment. NAHB members assert that lenders and investors do not have the same level of confidence in local housing programs.

For these reasons, NAHB believes that block granting HUD's rental assistance programs will impede affordable housing preservation efforts. Further, we are uncertain why the administration is requesting a new block grant at the same time it wants to zero out funding for HOME — the largest federal block grant used exclusively for housing purposes.

The ramifications of HUD's budget request, if adopted, will also impact housing programs administered by other federal agencies. For example, some apartment properties administered by the U.S. Department of Agriculture-Rural Housing Service have HUD PBRA subsidies. Housing Choice Vouchers make Low-Income Housing Tax Credit (LIHTC) rents affordable for extremely low-income households. On a much larger scale, the HOME Program provides critical gap financing for LIHTC deals. As you know, LIHTC is the largest federal multifamily production program. Our builders report that as higher construction costs, interest rates, labor costs and other factors make affordable housing deals less financially viable, adding HOME as the last layer of capital on the project is what pushes the

¹ Picture of Subsidized Households [Assisted Housing: National and Local | HUD USER](#) (viewed May 28, 2025). Data is for 2024 based on the 2020 Census.

² These statistics are based on data from the following HUD programs: Public Housing, Housing Choice Vouchers, Moderate Rehabilitation, Project-Based Rental Assistance, Section 236 Below Market Interest Rate, Section 202 Housing for the Elderly/Project Rental Assistance Contract (PRAC), Section 811 Housing for the Disabled/PRAC.

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deal to fruition. Without HOME, many LIHTC deals would be financially infeasible, and some new affordable apartment projects would not move forward.

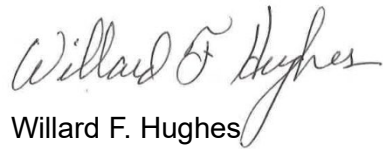
Eliminating HOME will also undermine provisions to expand the LIHTC program in President Trumps' tax legislation. The House-passed One Big Beautiful Bill Act (OBBBA), which NAHB supported, temporarily increases LIHTC 9% credit allocations by 12.5% for calendar years 2026 through 2029. OBBBA also provides more flexibility when using bonds to finance a LIHTC project and provides a temporary basis boost for rural areas and tribal lands by designating them as "difficult development areas." Now is not the time to eliminate funding for the program that practitioners say makes the difference between whether a LIHTC deal does or does not move forward with construction.

Please know that NAHB remains interested in working with you to increase the supply of housing. There is plenty of opportunity to deregulate HUD programs to maximize efficiency, simplify program requirements and responsibly use taxpayers' money. NAHB wholeheartedly agrees that steps must be taken to make HUD and other federal agencies more efficient and effective. Recently, NAHB sent a 70-page comment letter full of deregulatory suggestions to the Office of Management and Budget. Nevertheless, we must caution that solving the affordable housing supply crisis will still require substantial levels of federal investment to complement deregulatory efforts.

NAHB's senior leadership would like to meet with you to discuss these matters in greater detail. We strongly urge you to meet with industry practitioners before implementing monumental changes to HUD's rental assistance and production programs. Please feel free to contact Jessica Lynch, NAHB's Vice President of Housing Finance, to set up the meeting. She can be reached at jlynch@nahb.org.

Thank you for considering our requests.

Best regards,



Willard F. Hughes
NAHB Chairman of the Board

cc: The Honorable Tom Cole, House Appropriations Chairman
The Honorable Rosa DeLauro, House Appropriations Committee Ranking Member
The Honorable Susan Collins, Senate Appropriations Committee Chair
The Honorable Patty Murray, Senate Appropriations Committee Vice Chair
Frank Cassidy, Principal Deputy Assistant Secretary for Housing
Lamar Seats, Deputy Assistant Secretary for Multifamily Housing
Russell Vought, Director of the Office of Management and Budget