Federal Housing Update

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Senate Budget Process:

- Senate THUD (Transportation, Housing, and Urban Development) Budget passed out of Senate Appropriations on July 24th
- There are ongoing conversations about including THUD in a potential Minibus for Budget bills when the government reopens or as part of a Continuing Resolution Deal

Senate FY 26 THUD Budget includes:

- $73.3 billion for HUD in discretionary Funding
  - $3.1 billion increase compared to FY25 Enacted Funding
  - $5.5 billion more than the FY26 House THUD Bill

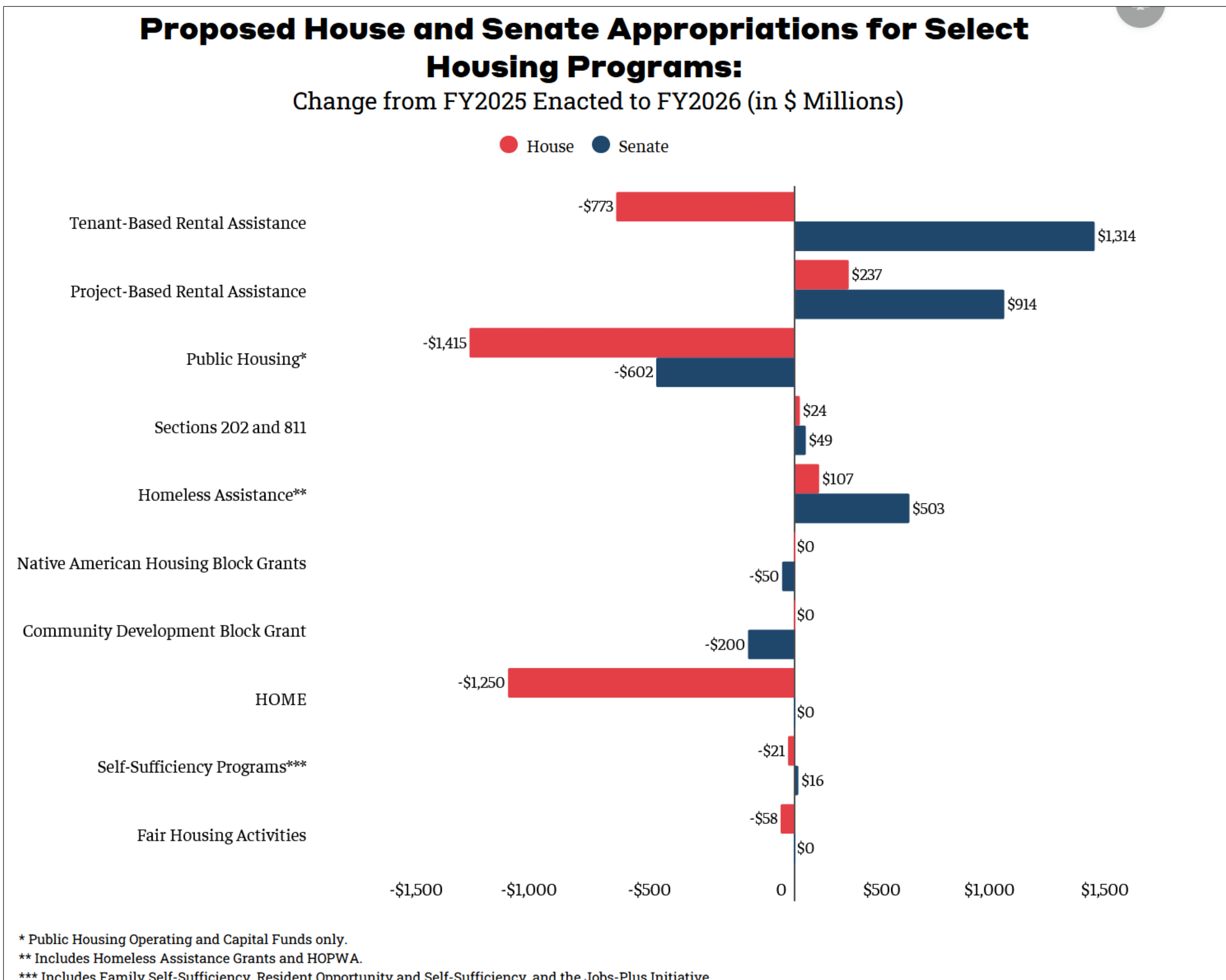
Rental Assistance and Public Housing:

- Tenant-Based Rental Assistance:
  - Senate: $37.4 billion, a $1.3 billion increase above FY2025
  - Includes $34 billion for contract renewals—a $1.8 billion increase over FY2025 renewal funding
- Project-Based Rental Assistance:
  - Senate: $17.8 billion, an increase of $914 million compared to FY2025
- Public Housing:
  - $4.9 billion for the Public Housing Operating Fund, a $602 million reduction from FY2025
  - $3.2 billion for the Public Housing Capital Fund, unchanged from FY2025
- Section 202 Supportive Housing for the Elderly & Section 811 Supportive Housing for Persons with Disabilities:
  - $972 million for Section 202 (an increase of $41 million over FY2025)
  - $265 million for Section 811 (an increase of $8 million over FY2025)
- Homeless Assistance Grants:
  - Includes: Emergency Solutions Grant, Continuum of Care, and Youth Homeless Demonstration programs, and the National Homeless Data Analysis Project
  - Senate: $4.5 billion, an increase of $479 million over FY2025

Community Development:

- Community Development Block Grant:
  - Senate: $3.1 billion, a decrease of $200 million compared to FY2025
- Pathways to Removing Obstacles to Housing:
  - Senate: $60 million, a reduction of $40 million compared to FY2025
- HOME Investment Partnerships Program:
  - Senate: $1.3 billion, unchanged from FY2025

Source: https://bipartisanpolicy.org/article/fy2026-appropriations-process-house-and-senate-thud-bills/



Federal Housing Legislation

S.2651 - ROAD to Housing Act of 2025

- Introduced by Sen. Tim Scott (R-SC) and Sen. Elizabeth Warren (D-MA)
- Passed committee unanimously July 29th
- Passed the Senate as amendment to the NDAA (National Defense Authorization Act), will be debated between House passed and Senate passed NDAA
- Section-by-Section sent to committee staff

One Big Beautiful Bill Act (OBBBA)

- Signed into law July 4th, 2025
- Included Several key housing provisions

- **Eliminates the Green and Resilient Retrofit Program (GRRP)**
  - Rescinds GRPP's unobligated balances.
  - The Inflation Reduction Act of 2022 provided $1 billion to HUD for GRRP to fund energy and water efficiency retrofits and climate resilience projects at HUD-assisted multifamily properties.
- **Eliminates Housing-Related Energy Efficiency Tax Credits (§70505, 70506, 70507, and 70508)**
  - The Energy Efficient Home Improvement Credit
  - The Residential Clean Energy Credit
  - The Energy Efficient Commercial Buildings Deduction
  - The New Energy Efficient Home Credit
- **Updates and Permanently Extends Opportunity Zone (OZ) Incentives**
  - Creates rolling, 10-year OZ designations, allowing for the designation of additional qualified OZs
  - Initiates a new OZ designation period on July 1, 2026, taking effect on January 1, 2027, with new designation periods to follow every 10 years.
- **Expands the Low-Income Housing Tax Credit (LIHTC)**
  - Permanently increases 9% tax credit allocations by 12%.
  - By one estimate, these changes would finance the construction and preservation of 1.22 million additional affordable rental homes over 2026-2035.
- **Permanently Extends the New Markets Tax Credit (NMTC) Program**
  - Permanently extends the NMTC program, which was set to expire at the end of 2025.

- NMTCs can support a broad range of businesses and real estate projects, including mixed-use residential properties with at least a 20% commercial component, affordable for-sale housing, and other housing development indirectly.
- Examples include:
  - King Street Center in Burlington
  - Weidmann Electrical in St. Johnsbury
  - The Yellow Barn in Hardick
  - The Enosburg Health Center in Enosburg Falls

Source: https://bipartisanpolicy.org/explainer/2025-reconciliation-debate-senate-housing-provisions/