

December 5, 2025

CHIEF EXECUTIVE OFFICER
LA SHELLE DOZIER

The Honorable Susan Collins
Chair
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Patty Murray
Vice Chair
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Tom Cole
Chairman
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

The Honorable Rosa L. DeLauro
Ranking Member
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Chair Collins, Vice Chair Murray, Chairman Cole, and Ranking Member DeLauro:

As your committees continue discussions on fiscal year 2026 appropriations (FY26), I am writing on behalf of the Council of Large Public Housing Authorities (CLPHA) to express our support for certain public housing and related programs changes in your respective FY26 appropriations bills (H.R. 4552 and S. 2465) for the Department of Housing and Urban Development. This letter follows up on our previous correspondence sent on August 1, 2025, regarding federal appropriations. While we continue to urge consideration of the issues outlined in that letter, we are highlighting several additional priorities as discussions move forward.

HUD estimates indicate that the HCV program faces a significant projected shortfall. However, current funding levels in both the House and Senate Transportation Housing and Urban Development (THUD) Appropriations bills do not reflect this deficit. The House bill provides \$32.145 billion, essentially level with the full-year CR for FY25, while the Senate bill allocates \$33.974 billion. We appreciate the Senate's effort to increase funding over FY25 levels; however, the \$3.654 billion anomaly included in the FY25 CR, bringing total HCV renewal funding to \$36.041 billion, underscores the severity of the affordability crisis renters are facing nationwide. Without adequate FY26 funding, PHAs will be forced to implement waitlist freezes, stop issuing new vouchers, and in the most severe cases, terminate existing voucher holders' assistance, actions that directly contradict the program's mission and Congressional intent. To ensure stability for families and communities, we urge your committee to take the following actions to ensure housing security for families participating in federal housing assistance programs.

Provide sufficient funding for renewal of HCVs: The HCV program serves as the cornerstone of federal rental housing assistance. The program serves 2.3 million families, or over 5 million people, who depend on this critical support for stable housing. Both the House and Senate THUD bills underfund HCV renewals, failing to account for the substantial shortfalls already straining the program and leaving vulnerable families at risk of losing their housing. CLPHA estimates that under the House FY26 THUD bill, about 411,000 fewer people would receive housing vouchers, while the Senate's funding level would serve about 243,000 fewer people. To ensure that no current voucher holder faces eviction due to

federal underfunding and to reflect the realities of persistently high rental costs and inflation, we ask Congress to fully fund HCV renewals for FY26.

Increase HCV Shortfall Set-Aside Funding from \$200 million to \$400 million: The HCV program has faced significant funding shortfalls in recent years, leading to an unprecedented second offset of reserves in FY24. The shortfall set-aside has been fully depleted annually, and HUD has repeatedly redirected funds from other accounts, including Tenant Protection Vouchers (TPVs), to cover PHA needs. Given rapidly rising rental costs, the shortfall set-aside should serve as a reliable safety net for housing providers and be funded at a level that prevents HUD from having to draw resources away from other vital programs.

Include sufficient HAP renewal funding to enable Emergency Housing Voucher (EHV) households to transition to the Section 8 HCV program: The EHV program currently serves approximately 60,000 of our nation's most vulnerable families, including individuals who were experiencing homelessness, at risk of homelessness, or fleeing domestic violence, sexual assault, stalking, or human trafficking. These households include large numbers of families with young children, seniors, and people with disabilities, all of whom face the immediate threat of returning homelessness without continued rental assistance.

Due to insufficient funding, the EHV program is ending sooner than anticipated, meaning thousands of families will lose their rental assistance in the near future. Many PHAs are currently operating in shortfall positions, meaning they lack sufficient funding to serve even their existing HCV caseloads. As a result, these PHAs are unable to absorb EHV families into their regular HCV programs.

This creates an unconscionable situation: families who successfully escaped homelessness through EHV will lose their assistance when the program ends prematurely but have nowhere to go because PHAs lack the funding to serve them. CLPHA estimates that approximately 35,000 EHV families will lose assistance due to inadequate budget authority, forcing them back into homelessness or housing instability despite having successfully secured stable housing through the EHV program.

While increasing shortfall funding will help stabilize struggling PHAs, this alone is insufficient. PHAs must also have adequate HCV renewal funding to absorb these additional 35,000 households into their ongoing caseloads. Without sufficient renewal funding, even PHAs that resolve their shortfalls will be unable to take on new families transitioning from EHV. With the EHV program ending in 2026, sooner than planned, the timeline for action is rapidly closing.

We urge the Committee to provide robust HAP renewal funding specifically designated to support EHV-to-HCV transitions. This funding is essential to prevent these vulnerable households who have already escaped homelessness once from cycling back into crisis, and to ensure that PHAs have the resources needed to fulfill their mission without triggering further budget shortfalls across the HCV program.

Include language from the House THUD bill in the final FY26 Appropriations bill to allow for the use of TPVs for EHV households: TPVs provide a safeguard for tenants who would potentially be displaced due to the conversion, demolition, disposition, or termination of housing assistance. The House THUD FY26 Appropriations bill includes language allowing for the flexible use of TPVs for EHV households at risk of losing their rental assistance. We recommend that the committee include this language in the final THUD Appropriations bill to secure housing stability for EHV families using these vouchers.

Protect Continuum of Care (CoC) funding and require HUD to renew all existing CoC grants expiring during calendar year 2026: HUD's recent Notice of Funding Opportunity (NOFO) for the CoC Program disregards the two-year planning process authorized by Congress in the FY24 Appropriations Act and will delay award announcements until May 2026, which creates harmful funding gaps for grantees nationwide. Additionally, the new NOFO limits Permanent Housing projects to just 30 percent of a CoC's Annual Renewal Demand, which will devastate communities' abilities to serve people experiencing chronic homelessness.

This crisis directly impacts PHAs' abilities to successfully transition EHV families to permanent housing. Many EHV households require wraparound supportive services, case management, and permanent supportive housing resources funded mostly through CoC programs to maintain housing stability. PHAs routinely partner with CoC-funded service providers to ensure that EHV families, many of whom have experienced trauma, disabilities, or chronic homelessness, receive the support necessary to sustain their tenancies. In many communities, these services and providers are already scarce and finite. Without adequate CoC funding, critical wraparound services that many of the EHV families transitioning to HCV programs rely on may be at risk, jeopardizing not only housing stability but also continuity of care. When CoC funding is cut or reduced, currently served families and individuals may lose their connections to services with no guarantee they will be able to reconnect, particularly in communities where waitlists are long and provider capacity is limited. This creates a compounded crisis where families face significantly increased likelihood of housing failure even if voucher funding is secured, while simultaneously losing access to the very support systems designed to help them maintain stability.

Conversely, the cost when people lose housing and return to homelessness is substantial where people experiencing homelessness cost emergency systems and hospitals, far more than the cost of providing stable housing with supportive services. Research demonstrates that housing with case management programs generates an average annual cost savings of \$6,307 per person, with 29% fewer hospitalized days and 24% fewer emergency room visits. Without wraparound services, we risk not only increasing homelessness but also dramatically increasing public costs across healthcare and emergency services.

States like Maine, Oklahoma, Washington, and Connecticut, which currently dedicate 67-90% of their CoC funding to Permanent Housing, would face catastrophic reductions under the new NOFO. With more than 60 percent of the nation's 400,000 Permanent Supportive Housing beds relying on CoC funding, these changes threaten to displace nearly 170,000 people and reverse years of progress in reducing homelessness. Cutting CoC funding while simultaneously ending the EHV program creates a compounding crisis that will overwhelm PHAs and push our most vulnerable families back onto the streets.

We urge Congress to include language in the next funding bill requiring HUD to renew all existing CoC grants expiring during calendar year 2026 for one 12-month period, preserving local flexibility and preventing devastating service disruptions.

Ensure sufficient funding for the Public Housing Operating Fund and address the persistent operating shortfall affecting PHAs of all sizes: We appreciate the Senate's proposal of \$214 million to address the Public Housing Operating Fund shortfall, a significant increase over the \$25 million traditionally appropriated and reflected in the House bill. This represents meaningful progress in recognizing the severity of the crisis facing public housing authorities nationwide. However, in FY24, HUD reported a total shortfall of \$605 million, and despite Congress appropriating \$25 million to address this backlog, an extreme shortfall continues to persist.

We urge the Committee to provide robust funding for both the formula-based Operating Fund and the shortfall set-aside to ensure PHAs of all sizes can maintain safe, stable operations. We recommend that shortfall funding be structured with clear eligibility criteria, such as PHAs having fewer than three months of operating expenses in reserve, to ensure funds reach agencies with genuine financial need. For PHAs meeting this eligibility threshold, awards should be distributed proportionally based on documented shortfall need, without regard to unit count, to ensure equitable access for agencies of all sizes. Additionally, we encourage the Committee to include a timely allocation deadline (such as 120 days from enactment) to ensure PHAs can access these critical resources quickly enough to prevent service disruptions.

Historically, shortfall funding allocations have been structured in ways that inadvertently exclude large PHAs serving hundreds of thousands of residents, even when these agencies face significant financial challenges. As Congress considers the appropriate level and distribution mechanism for shortfall funding, this two-step approach—establishing clear eligibility requirements followed by proportional allocation among eligible PHAs—would ensure that all housing authorities experiencing genuine financial distress can access these critical resources in a timely manner while maintaining accountability and targeting those most in need.

Remove Section 239 to protect local PHA discretion: Section 239 in H.R. 4552 would allow one or more PHAs to determine their own methods for Total Tenant Payments and HAPs, waving certain federal requirements for a 7-year period. While CLPHA supports innovation and flexibility in program administration, we are concerned that this provision could be interpreted and implemented in a way that would undermine local discretion. CLPHA opposes this provision and requests that the provision be removed in the final appropriations bill.

For these reasons, CLPHA urges Congress to reaffirm its commitment to families at risk of losing their housing assistance and to the landlords who serve through robust funding in the fiscal year 2026. The stakes could not be higher: inadequate funding will result in hundreds of thousands of families losing their homes, destabilize housing markets nationwide, and undermine decades of progress in addressing homelessness and housing insecurity. We appreciate your consideration of our recommendations and stand ready to provide additional information or technical assistance as your committees finalize FY26 appropriations.

Signed,



La Shelle Dozier
Chief Executive Officer
Council of Large Public Housing Authorities

CC:

The Honorable Cindy Hyde-Smith
The Honorable Kirsten Gillibrand
The Honorable Steve Womack
The Honorable Jim Clyburn

