

United States Senate

WASHINGTON, DC 20510

May 23, 2025

The Honorable Scott Turner
Secretary
Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Secretary Turner,

As you finalize the Department of Housing and Urban Development's (HUD) Fiscal Year 2026 Budget Request, we urge you to reconsider the current proposed budget for the HOME Investment Partnership Program (HOME) and re-emphasize the importance of a well-funded Housing Trust Fund (HTF).

The President's preliminary budget request for FY26 completely eliminated HOME funding.¹ This will have a catastrophic impact on the homebuilding sector across the country for the lowest income households, at a time where homeownership is harder to reach.

HOME and HTF work in conjunction with the low-income housing tax credit (LIHTC) to fuel affordable housing construction across the country. LIHTC has funded construction of almost 2.75 million affordable housing units across the country.² But developers often face a financing gap between project costs and available funding streams. The HOME and HTF programs help close that financing gap and support projects that would not otherwise be viable.³

Despite the proven efficacy of these programs, the federal government has underinvested in them for decades, resulting in a severe, nationwide shortage of affordable rental housing for working families.⁴ Many households are contributing more than half of their income to rent, leaving less for other needs like health care, groceries, or saving for emergencies.⁵

For-profit developers also struggle to build entry-level or middle-income housing, resulting in a focus on high-end construction with units unaffordable to working families. Now is the time for strong federal support for HOME and HTF to close financing gaps and build more homes.

¹ Letter from Director Russell Vought, Office of Management and Budget to Sen. Susan Collins (May 2, 2025). (online at <https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf>)

² Fannie Mae, *Multifamily Affordable Housing Commentary*, July 2024, (online at <https://www.fanniemae.com/media/53121/display>).

³ <https://apps.urban.org/features/cost-of-affordable-housing/>

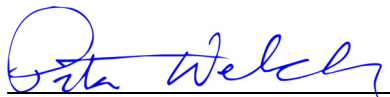
⁴ The National Low-Income Housing Coalition, *The Gap*, March 2025, (online at <https://nlihc.org/gap>).

⁵ The National Low-Income Housing Coalition, *The Gap*, March 2025, (online at <https://nlihc.org/gap>).

Unfortunately, reports of unauthorized funding freezes and contract cancellations have raised concerns among housing investors about the stability of all of the federal funding sources in their projects' capital stack, leading them to reconsider their investments.⁶ Decreasing or eliminating the funding sources that make LIHTC projects financially feasible will have detrimental impacts on rural communities' ability to build more housing, especially when coupled with Fannie Mae's newly restricted investment activity in this space.⁷

States are making efforts to speed housing construction through zoning reforms, permitting streamlining, innovative incentive structures, and housing equity programs.⁸ Unless the federal government provides consistent, flexible funding to close the financing gap for major projects, this progress will stall. With that in mind, we urge you to provide an FY26 Budget Request that furthers HUD's mission to ensure safe and clean affordable housing and reinforce LIHTC investor confidence by advocating for reliable funding for HOME and HTF.

Sincerely,



Peter Welch
United States Senator



Amy Klobuchar
United States Senator



Chris Van Hollen
United States Senator

⁶ Housing Wire, *Affordable Housing Upgrades Stalled by Federal Grant Freeze*, 26 March 2025, (online at <https://www.housingwire.com/articles/affordable-housing-upgrades-stalled-by-federal-grant-freeze-hud/>).

⁷ Fannie Mae, *Underserved Markets Plan 2025-2027 Duty to Serve*, (online at <https://www.fhfa.gov/document/fannie-mae-2025-2027-ump-revised.pdf>).

⁸ Lincoln Institute of Land Policy, *A State-by-State Guide to Zoning Reform*, 23, December 2022, (online at <https://www.lincolnst.edu/publications/articles/2022-12-state-by-state-guide-to-zoning-reform/>).