Revised 10/5/25; printed 10/14/25

Consolidating housing rental assistance

Better customer service, greater efficiency, lower net costs

Gregory A. Byrne,[1] Jennifer Lavorel[2], and David A. Smith[3]

The idea:

Consolidate, standardize, streamline → Efficiency savings

Consolidate all Federal forms of rental assistance – 25+ programs (including variants of PBRA), ~5,000,000 households assisted, $62+ billion in annual costs (~75% of HUD's appropriations) – into a Unified Rental Assistance Program (URAP) with only two flavors, a portable (tenant-based) component and property-based component, base it on Section 8 (owner gets market rents, residents pay means-tested affordable amount). URAP to be administered by a consolidated Office of Rental Assistance (ORA) within HUD.

Where necessitated by enabling statute, long-term contract, or property practical configuration (e.g. housing for people with disabilities), legacy income or household type targeting provisions from each program's origins will continue through contract riders and deed restrictions – but otherwise, all rent rules, renewal procedures, subsidy processing, oversight, etc., will be standardized.

Guiding principles for change

1. *Cut inefficiencies, not beneficiaries*.
2. No cuts to number of households (HHs) served.
3. No rents above market.
4. Same rules for portable and placed-based rental assistance.
5. Adjust rents annually by rational formula.
6. Enable rental assistance to pair seamlessly with capital programs.
7. Focus occupancy rules mainly on income eligibility.

The current situation:

Fragmented programs

Today, Federal rental assistance is administered across four different parts of the Federal government:

- HUD's Office of Housing
- HUD's Office of Public and Indian Housing (PIH)
- HUD's Office of Community Planning and Development (CPD)[4]
- USDA RD's Multifamily Housing Rental Assistance[5]

Collectively, these offices oversee 25 different rental assistance programs, representing some 5,015,000 units of Federally assisted housing.

---

[1] greg@grebyrneconsulting.com,+1 (301) 801-0530. 40+ years' experience in public and affordable housing; https://www.gregbyrneconsulting.com/.

[2] jlavorel@outlook.com. 30+ years in public and affordable housing. All views expressed here are personal.

[3] dsmith@affordablehousinginstitute.org, +1 (617) 502-5913. 48 years practitioner and policy experience with affordable and public housing; https://affordablehousinginstitute.org/team/david-a-smith/.

[4] Administers Moderate Rehabilitation Single-Room Occupancy program (Mod Rehab SRO) as well as grant programs that can assist renters.

[5] A practical argument can be made to fold USDA rental assistance into an ORA at HUD. Challenges result when Section 8 budget authority is proposed for transfer to a property that has USDA rental assistance, where contract rents are set according to USDA rules (instead of MFH rules, which are different).

This fragmentary approach is not only inefficient but also hamstrings HUD from implementing anti-poverty or asset-building initiatives.

The current situation:

Legislative calcification

Because each program was authorized in a free-standing statute with detailed prescriptions, there are differing rules around rent-setting and rent market comparability, property escrow accounts and their usage, financial reporting, owner distributions of surplus cash, etc., not only making subsidy administration and asset management extremely difficult and complicated but also creating unforeseen budgetary consequences.

At contract renewal, these differences carry forward and create winners and losers, as Congress makes choices about which to fund adequately and which to fund at a fraction of actual costs.

Benefits

Consolidating rental assistance will result in improved outcomes:

1. *At a stroke, simplify the rules and workload for over 5,000,000 units costing $62+ billion of FY 25 appropriations.* Efficiency gains will be realized by all parties: HUD, residents, and subsidy contract administrators.
2. *Better customer service for low-income households.* Current and future residents will no longer need to navigate multiple different program requirements; income and verification protocols can now be standardized and largely automated.
3. *Greater efficiency for HUD and its contractual partners.* Private and public entities dealing with rental assistance, including developers, managers, lenders, investors, sponsors, HFAs, and LIHTC participants, will need to learn only one type of rental assistance.
4. *Lower net cost via reductions in people-and-paper-processing.* The Office of Rental Assistance[6] will implement standardization, digitization, faster customer service, and greater transparency.
5. *Greater access to private capital to facilitate long-term preservation*. Particularly among legacy rental assistance programs including public housing, conversion to the Section 8 platform[7] will greatly improve leverage to address long-overdue capital repairs[8].
6. *Create options for new anti-poverty initiatives*. Greater flexibility in the use of rental assistance will create options for long-sought HUD policy goals[9] such as household asset-building and rental-to-ownership conversion (including via co-operatives).

---

[6] In view of the granularity involved in contract administration, some delegated intermediation at the state or local level may be effective and even critical to fast rollout.

[7] For two decades, the capital markets have underwritten one-year appropriations against property-based contracts, but have been much more cautious with one-year appropriations on purely portable contracts.

[8] Amply demonstrated through the Rental Assistance Demonstration (RAD) program.

[9] Dating back at least to former Secretary Jack Kemp (1990).

Obstacles	Nearly all current rental assistance programs and Section 8 variants are currently specified (often in great detail) in existing statutes dating back four or more decades. The multiplicity of programs cannot be sufficiently reformed and consolidated without legislative action. Up until the Rental Assistance Demonstration (RAD), attempts to "streamline" these programs have run aground because of the inherent statutory limitations and lack of a change-making lever such as Section 8 contract renewal.
How to do it	Although most current rental assistance contracts are 'multi-year,' every one of them is subject to annual appropriations funding. Following enactment of implementing legislation[10] and program requirements, owners would be offered new "renewal" contracts. To achieve this, provide statutory waiver authority to the Secretary, including implementation via Notice and expedited public notification, limited to provisions necessary to effectuate consolidation as per this concept note. To ensure proper planning, all existing rental assistance programs would immediately be organized into an Office of Rental Assistance[11]. As most funding contracts have one-year appropriations, a wind-down/ ramp-up program will be needed for landlords and HUD/ contractor administrators. It may be fastest to consolidate into an ORA first, while programs sunset-plan for transition on renewal.
FY 25 Rental Assistance Inventory (for explanation, see *Backgrounder*)	All figures are approximate and subject to refinement.

<u>Acronym[12]</u>	<u>Units, 2024</u>	<u>FY 25 $bn</u>	<u>Notes</u>
HCV	2,200,000	$32.5	Portable Housing Choice Vouchers
PBRA	1,530,000	$16.6	Property-based: FHA, HFA, LIHTC
PH	898,000	$8.95	Owned by local housing authorities
PBV	240,000	$3.5	Former HCV's now glued to a property
PRAC	120,000	$0.8	Akin to PBRA for §202 elderly
PAC	32,000	$0.2	Akin to PBRA for §811 disabled
Others	<2,000	<$0.2	Mod Rehab, MR SRO, HOPWA
Totals	**5,015,000**	**$62.8**	
MRHA	285,000	$1.7	Akin to PBRA for USDA RD

---

[10] Forebears to this approach of reform-via-contract-renewal/ replacement include, among others, the Rental Assistance Demonstration, the mark-to-market demonstration, the rent-supple-to-Section 8 LMSA conversion.
[11] RD's MHRA units are excluded from our quantitative analysis. Consolidating the RD MHRA inventory into a HUD ORA makes efficiency sense, although this will require Congress to shift the MHRA appropriations line item from Agriculture to Housing.
[12] For a list of full names and short descriptions of each Rental Assistance program, see the *Backgrounder* attached.

Backgrounder

Existing Federal rental assistance programs

Summary: 5,015,000 HH's $62.6 bn annual cost[13]	For at least six decades, the Federal government has been involved with rental assistance for means-tested family, elderly, and disabled households (HHs). In every case the rules are governed by statutes dating back over those decades, many of which have been modified or amended multiple times, with minimal convergence and often divergence. The result is a hodgepodge of over-engineered rules and requirements that impedes automation, efficiency, speed, and customer satisfaction. All of these programs are subject to authorization caps or spending limits, with the result that every program (a) has particular eligibility and priority requirements, and (b) has a long waiting list. The programs are presented in roughly reverse order of current relevance: largest first, and smallest or oldest last.
Housing Choice Vouchers (HCV): 2,200,000 HH's $32.5 bn annual cost	Portable rental assistance that is awarded to a household and travels with that HH, potentially from one apartment to another at annual intervals. HCV's are distributed nationally from HUD through local public housing authorities (PHA's), and these determine eligibility based on family income and other factors. Voucher holders can use the HCV at any privately owned apartment building *where the landlord is willing to participate in the program* and provided that the dwelling meets HCV program requirements. The tenure is a three-way transaction: HH, landlord (LL), and HUD: LL and HH sign a HUD-approved lease. LL and PHA sign a matching one-year Housing Assistance Payments (HAP) contract, which is paired with an Annual Contributions Contract (ACC) between the PHA and HUD (Office of Public and Indian Housing, PIH) under which funding flows.
Property-Based Rental Assistance (PBRA): 1,530,000 HH's $16.6 bn annual cost	The property-based companion to HCV's with only one major difference: the subsidy is attached to the apartment, not the HH. The owner-landlord (LL), public or for-profit or non-profit, secures a HAP contract with HUD (Office of Multifamily Housing, MFH) and agrees to rent covered apartments only to eligible HH's. HH and LL sign a HUD-approved lease under which (a) HH pays a tenant share (TS) of 30% of documented adjusted gross income (AGI), and (b) HUD directly pays LL the difference between TS and the HUD-approved contract rent (ACR).

[13] Figures are drawn largely from the FY 2025 Continuing Resolution and can be refined if required.

PBRA contracts are multi-year (1 to 20 years, most commonly 5), *but* subject to annual appropriations (if appropriations are insufficient to meet ACR, owner can opt out). If the owner opts out or declines to renew after the full contract term, existing HH's receive a special form of HCV, Tenant Protection Voucher (TPV) program. Like HCV's, TPV's are administered by PHA's.

Currently at least 12 sub-versions of PBRA exist. In 2023, MFH published an advanced notice of proposed rulemaking to consolidate these versions as long-term contracts are renewed, which has not advanced further.

HAP contracts are administered by Performance-Based Contract Administrators (PBCAs), who enter into an ACC with MFH. MFH field staff oversee asset performance.

Public housing:

890,000 HH's

$8.9 bn annual cost (Operating Subsidy and Capital Fund combined)

America's oldest multifamily federal housing program, created under the Housing Act of 1937. Up to 1965, when there were over ~1.3 million units nationwide, it was the only Federal multifamily program. Since then, the inventory has shrunk and is shrinking still, due to demolition/ disposition and RAD conversion (see below).

Public housing operates under an anachronistic and by-now crippling system. PHAs receive funding directly from HUD divided into an Operating Subsidy and a Capital Fund, both of which are formula grants that (a) even in the best case, prevent properties from generating cash flow or from tapping private affordable housing resources (including other HUD programs or Low Income Housing Tax Credits, LIHTC), and (b) have been underfunded via bipartisan neglect for more three decades.

Recognizing this, in 2012 HUD and Congress created the Rental Assistance Demonstration (RAD) program, whereby public housing can convert into PBRA- or PBV-style public-private ownership. Though it started slowly, RAD has proven massively successful, with over 200,000 units moving into property-based Section 8 and being revitalized and upgraded in the process, leveraging over $21 billion in private capital (new loan proceeds and LIHTC equity).

Even with this, the backlog of capital needs in legacy public housing is estimated at well over $100 billion.

Project-Based Vouchers (PBVs): 240,000 HH's

$3.5 bn annual costs

A variant of HCV's, created by the Quality Housing and Work Responsibility Act of 1998 (QHWRA), under which a PHA can choose to 'attach' some (typically up to 20%) of its portable HCV's to particular properties, where they act effectively like PBRA's. There are currently about 240,000 PBV units nationally, estimated to be $3.5 billion in HAP payments.

PRAC for §202: 122,000 HH's $0.8 bn annual costs	Enacted in 1959 as new construction non-profit-only housing for the elderly, §202 provided either direct HUD low-interest loans or direct HUD capital grants to build or rehabilitate housing for low-income elderly families. Most of these now receive Project Rental Assistance Contract (PRAC[14]), which acts like a PBRA, or a variant known as a Senior Preservation Rental Assistance Contract (SPRAC[15]). PRACs and SPRACs are serviced by MFH asset management staff in field offices.
PAC for §811: 32,000 HH's $0.2 bn annual costs	Similar to §202, § 811 funded direct loans or grants for families with disabilities, with rental subsidy accompanying through a Project Assistance Contract (PAC) or, if the property is administered by a State Housing Finance Agency (HFA), a Rental Assistance Contract (RAC), which they pair with a property in a manner similar to PBV's. The HFA receives a fee for administering the contract
Obsolete variants that survive in a few situations	Section 8 Moderate Rehab (Mod Rehab) and Section 8 Moderate Rehab for Single Room Occupancy (MR SRO) were short-lived and small-volume programs of the mid-1980s.
CPD-administered rental assistance	Rental assistance is among the eligible uses of funding under the HOME Investment Partnerships Program (a formula-based grant to localities known as Participating Jurisdictions). Various programs targeted to homeless individuals under the Continuum of Care and Emergency Solutions Grant programs may be used to provide rental assistance. The Housing Opportunities for Persons with AIDS (HOPWA) program provides funding that may be used for rental assistance, among other eligible uses.
USDA Rural Development MHRA: 285,000 HH's $1.7 bn annual costs	The U.S. Department of Agriculture (USDA) Rural Development (RD) office administers a Multifamily Housing Rental Assistance (MHRA) program that provides funding to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects who rent to low-income families. MHRA operates much like PBRA, and RD has a preservation-related program similar to RAD.

[14] PRAC was added in 1990 to enable old §202/ 811 properties with loans to tap rental assistance to keep them viable. These properties have 40-yiear or 50-year use agreements.
[15] Which covers the unassisted units in a mixed-finance transaction; for more, see this link.