

July 27, 2026

The Honorable Cindy Hyde-Smith
Chair
Committee on Appropriations
Subcommittee on Transportation,
Housing and Urban Development, and
Related Agencies
United States Senate
Washington, DC 20510

The Honorable Kirsten Gillibrand
Ranking Member
Committee on Appropriations
Subcommittee on Transportation,
Housing and Urban Development, and
Related Agencies
United States Senate
Washington, DC 20510

The Honorable Steve Womack
Chairman
Committee on Appropriations
Subcommittee on Transportation,
Housing and Urban Development, and
Related Agencies
United States House of Representative
Washington, DC 20515

The Honorable James Clyburn
Ranking Member
Committee on Appropriations
Subcommittee on Transportation,
Housing and Urban Development, and
Related Agencies
United States House of Representative
Washington, DC 20515

Dear Chair Hyde-Smith, Ranking Member Gillibrand, Chairman Womack, and Ranking Member Clyburn:

We, the undersigned housing organizations, as members of the Campaign for Housing and Community Development Funding (CHCDF), write to express our opposition to the [Notice of Proposed Rule Making](#) (NPRM) 2026-10817 (91 FR 32198), “Regulation for Federal Financial Assistance,” and to share the devastating effect such regulation could have on housing assistance. This regulation would take critical resources away from housing developers, owners, operators, and service providers and deepen housing instability and increase homelessness across the country. The proposed regulation represents a substantial overreach of the Executive branch on Congress’s “power of the purse” and is burdensome, unnecessary, and illegal.

The proposal oversteps the Congressionally-set boundaries of the Office of Management and Budget’s statutory authority.

Congress has not granted the Office of Management and Budget (OMB) the authority to conduct substantive rulemaking for other federal agencies or to place new limitations on funds allocated by Congress. On this basis alone, we ask Appropriators to urge the Administration to withdraw this proposal.

The regulation would directly contradict decades of congressional mandates and intent for U.S. Department of Housing and Urban Development programs.

Congress created procedural rulemaking requirements for the U.S. Department of Housing and Urban Development (HUD). This regulation would directly violate congressional mandates for regulating HUD funding programs by seeking to substantively revise HUD grantmaking without allowing HUD to issue its own notices of proposed rulemaking and allowing for public participation prior to making proposed changes. In fact, Congress recently affirmed that HUD must follow its procedural rules in Section 232 of the FY2026 Transportation, Housing and Urban Development, and Related Agencies (THUD) Appropriations Act.

Further, the rule seeks to create entirely new funding conditions that have not been authorized by Congress. These conditions include disparate impact; Diversity, Equity, Inclusion, and Accessibility; “gender ideology”; and “anti-American values” provisions that directly contradict the required applicant conditions Congress detailed in the authorizing statutes for many of HUD’s programs. The proposed regulation would impose restrictions or requirements on HUD grantees where Congress has already enumerated applicant criteria, eligible funding uses, eligible activities, and other approval processes for programs including Choice Neighborhoods Initiative, Community Development Block Grants, and Emergency Solutions Grants.

Additionally, in situations where Congress did not enumerate substantive conditions for its grant programs, Congress mandates that HUD—and HUD alone—has the power to set substantive conditions for its grant programs. Statutes for programs like Public Housing and Section 8 Project-based Rental Assistance, the HOME Program, and Continuum of Care all designate authority to the HUD Secretary to set the substantive terms and conditions of any NOFO, but do not grant authority to OMB or any other agency.

Finally, the proposal conflicts with Congress’ clear intent to provide local discretion to grantees who understand the unique needs of their constituents. The public housing program and Housing Choice Vouchers, for example, are administered by public housing authorities (PHAs) who exercise a significant amount of local control over their programs and are structured differently depending on the state. These housing agencies are in a contractual relationship with the Department of Housing and Urban Development (HUD) governed by the housing agency’s Annual Contributions Contract, not by grants. Currently, the regulation does not make clear that the programs within

that contract are excluded. OMB's proposed regulation would exert a new level of federal control over local decision-making, and interfere with the abilities of grantees to ensure their programs are tailored to state and local needs and conditions.

The chaos and confusion that this regulation would create will significantly undermine federally-supported tenants and create instability in the housing market.

The most immediate concern this rule poses to stable housing across the country is whether or not HUD, under this regulation, would continue to pay the rent consistently and on-time. Because the OMB rule would subject federal funding to the whims of the Executive Branch's policies and priorities, HUD could decide to cancel funding to certain PHAs or other housing providers arbitrarily, threatening their ability to pay the rent of assisted tenants in a timely way. This could lead to mass evictions, significant arrearage for landlords and providers, and worsening conditions at properties.

The proposal attempts to eliminate Congressionally-mandated protections for Americans who rent or own.

OMB seeks to eliminate Limited English Proficiency options, curb civil rights, and end affirmative marketing requirements—all of which have been mandated by Congress for various HUD programs. These changes would directly contradict statutes, including the Violence Against Women Act, that prevent discrimination in HUD's housing programs.

For these reasons, we are asking appropriators to stand with the housing provider and advocacy community in opposition to the Administration's harmful and overreaching proposal.

Sincerely,

Coalition on Human Needs
Community Opportunity Alliance
Council of Large Public Housing Authorities
Council of State Community Development Agencies
LeadingAge
Mobility Works
MTW Collaborative
National Affordable Housing Management Association
National Alliance to End Homelessness

National Association for County Community and Economic Development
National Association of Local Housing Finance Agencies
National Association of Housing and Redevelopment Officials
National Coalition for the Homeless
National HIV/AIDS Housing Coalition
National Housing Law Project
National Low Income Housing Coalition
Public Housing Authority Directors Association
Stewards of Affordable Housing for the Future
The Kelsey