

Shutdown Resource for HUD-Assisted Multifamily Housing Providers



Congress and the White House were not able to reach agreement on appropriations for fiscal year 2026 before the end of the federal fiscal year in September. As negotiations continue, here's an overview of what a lapse in appropriations ("government shutdown") means for affordable senior housing providers assisted through the Department of Housing and Urban Development (HUD) Multifamily Housing programs, based on the agency's plan released late on September 30, 2025. For assistance during the shutdown, please reach out to [Juliana Bilowich](#), LeadingAge's Senior Director of Housing Operations and Policy.

The Department of Housing and Urban Development (HUD)'s "[Contingency Plan for Possible Lapse in Appropriations 2025](#)," posted late on September 30, 2025, describes how the agency will navigate a lapse in federal appropriations. The 2025 plan draws heavily on HUD's 2023 plan that's been used for the previous two years.

Shutdown Impacts at the Department of Housing and Urban Development

During a lapse in government funding, most federal employees are required to stop work. This significantly impacts the agency's ability to administer housing programs.

Agency Staff and Operations: The 2025 plan allows only four percent of staff in HUD's Office of Housing (which handles Multifamily Housing programs like project-based Section 8 and Section 202) to continue working full-time as "excepted" employees. Another 25% of Office of Housing employees could be called in on an intermittent basis to work solely on excepted activities, which includes addressing emergency situations that would otherwise result in threats to human life or damage of property.

The majority of HUD staff categorized as intermittent and excepted for shutdown purposes, as well as a small number of staff positions that are funded outside of the annual appropriations process, are employed within HUD's Office of Housing. However, the types of tasks that those employees are able to conduct during a shutdown are very limited and providers should generally expect significant delays on regular housing transactions.

Financial Transactions: Legally binding obligations entered into before the lapse remain valid. The plan states that HUD will make payments under previously obligated Section 8 contracts, Section 202 Project Rental Assistance Contracts (PRACs), Section 811 Project Rental Assistance (PRA), Section 236 contracts, and Performance-Based Contract Administrator (PBCA) contracts. The Tenant Rental Assistance Certification System (TRACS) will be available to process vouchers, provided that appropriate funds have already been obligated. However, previously obligated allocations may be insufficient to support ongoing program operations. In addition, HUD may eventually run out of money, depending on the length of the funding lapse. HUD has indicated that this is likely to occur toward the end of the calendar year.

Performance-Based Contract Administrators: PBCAs will continue to operate until previously appropriated funding runs out.

New HAP Contracts: HUD will only process Housing Assistance Payment (HAP) contract renewals to the extent that funds are available from prior appropriations (or recaptures). However, most Multifamily Contracts renew at the end of December.

Service Coordinator Grants: HUD staff will be available to ensure already obligated grants will be paid, however no new funding can be committed during the shutdown. This is particularly problematic in calendar year 2025 (CY25) because Service Coordinator grants funding was only recently obligated, and there may be some grants that have not yet received their funding.

Safety Inspections through REAC: Where contracts have been obligated prior to the lapse in appropriations, housing safety inspections through HUD's Real Estate Assessment Center (REAC) will be conducted during a shutdown and contracted inspectors will make inspections. However, HUD employees will not be able to conduct inspections during a government shutdown unless there is a known threat to life or property at a specific location. New inspection contracts or procurement will not be able to proceed.

The REAC Technical Assistance Center (TAC) will be operational, but no other staff will be able to provide technical assistance, for example, on the use of REAC's new inspection software. In addition, while inspection results can be uploaded during a shutdown, they will not be reviewed by HUD staff. and therefore cannot be released.

HUD's 2025 contingency plan also includes a Frequently-Asked-Questions (FAQ) document for HUD stakeholders. FAQs specific to HUD's Office of Multifamily Housing begin on page 52.

Impacts on LeadingAge Members

Contract Payments & Renewals: HUD will continue paying rental assistance contracts that were previously obligated (until funding runs out toward the end of the calendar year). HUD will also renew expiring contracts. However, most contracts expire at the end of the calendar year.

Funding Shortfalls or Delays: In the case of delayed rental assistance payments from HUD, housing providers may need to utilize accounts set aside for capital repairs and other property upgrades to pay for operating expenses instead.

For example, in instances where funding falls short and monthly voucher requests are not paid on multifamily housing contracts, housing providers can request releases of residual receipts or Reserve for Replacement accounts to offset the shortfall. Because limited staff will be available to process those transactions, requests should be submitted to the Asset Management Division Director of the assigned HUD office to ensure they are seen and processed in a timely manner.

A signed form HUD-9250 should be sent showing the request amount, balance in the account, and a certification that the funds will be paid back when subsidy is restored. Previously, HUD has also recommended that housing providers state in the email subject line that the request is for emergency purposes, rather than for routine or non-time-sensitive building projects.

Essential HUD Tasks that will Continue through a Government Shutdown

Despite limited staff and funding, HUD will continue conducting the following essential tasks:

- ▶ According to HUD, project-based Section 8, Section 202, and Section 811 rental assistance contracts will continue to receive payment through the calendar year.
- ▶ Multifamily Resident Service Coordinator grants that had previously been obligated will continue to be administered by HUD. If your grant specialist allocated the funds into eLOCCS prior to the shutdown, grantees can request to voucher for those funds (HUD will call in intermittent staff to process the funds).
- ▶ If a Housing Assistance Payment (HAP) contract needs urgent renewal action by HUD, the agency will call in intermittent staff to process the contract renewal.
- ▶ If there is a contract funding delay, HUD can process requests to release funds from Reserve for Replacement or Residual Receipts to temporarily cover the shortfall.
- ▶ PBCAs will continue working until funding runs out.
- ▶ Most REAC inspections will continue, but the final inspection reports will be delayed and the helpline will not be staffed.
- ▶ Certain Rental Assistance Demonstration (RAD) closing transactions will continue for previously approved projects with critical deadlines.
- ▶ The vast majority of routine transactions or requests to HUD will be delayed during the shutdown. Most HUD staff are not even able to check email.
- ▶ A small number of staff are still working and can complete essential tasks outlined above. Please reach out to the below contacts for assistance. If you do not receive a response, reach out to LeadingAge for help contacting HUD Headquarters.
- ▶ More info about HUD's contingency plan during the shutdown is available [here](#).

Contact info for each of HUD's multifamily regions:

- ▶ Northeast: WISE, BRETT W Brett.W.Wise@hud.gov
- ▶ Southeast: Smith, Bonitta R Bonitta.R.Smith@hud.gov
- ▶ Midwest: Radhakrishnan, Seema Seema.Radhakrishnan1@hud.gov
- ▶ Southwest: Newhouse, Christie M Christie.M.Newhouse@hud.gov
- ▶ West: Naish, John M John.Naish@hud.gov

