

*[The following summary is provided by Lisa Walker, CEO & General Counsel, Housing & Development Law Institute (HDLI) – 11/1/2025]*

Given the unfortunate reality in which we find our industry today - with HUD staffing challenges and the continuation of the government shutdown – I want to make sure you all have access to HUD's 43+ page contingency plan for lapses in appropriations. It is dated October 16, 2025 and is available here: [HUD Contingency Plan for Possible Lapse in Appropriations 2025 \(10/16/25\)](#). Starting on page 45 of the contingency plan, HUD provides several pages of FAQs. Feel free to share this email with your colleagues.

I like this concise background provided by *Wikipedia*: On October 1, 2025, the federal government of the United States began a shutdown at 12:01 a.m. EDT as a result of congressional failure to pass appropriations legislation for the 2026 fiscal year, which began that day. The shutdown resulted from partisan disagreements over federal spending levels, foreign aid rescissions, and health insurance subsidies. The shutdown resulted in the furlough of roughly 900,000 federal employees and left another 2 million working without pay. The shutdown is the 11th in U.S. history resulting in curtailment of government services, and the third shutdown under President Trump. It is the longest full-government shutdown in U.S. history.

HUD's contingency plan describes which HUD offices and programs will be operational under an "excepted" status (nearly all with reduced services) or closed during the shutdown and/or funding lapses. The contingency plan is based on historical treatment of funding gaps and lapses in appropriations during recent decades, as well as existing DOJ and OMB guidance and legal opinions. The contingency plan provides guidance for HUD program operations, including but not limited to:

1. Available Resources for HUD Salaries and Expenses Funding During a Lapse in Appropriations (carryover funding for HUD salaries and expenses; critical HUD employees who may continue work)
2. Treatment of Prior Continuing Resolution Resources During a Lapse in Appropriations Not Beginning on October 1 (legally binding obligations entered into by the Department using these now expired CR funds remain valid if they were properly executed before the lapse occurred. However, expired CR funds are not available for new obligations)
3. Compliance with OMB Circular A-11 (OMB automatic apportionment with obligational authority for necessary HUD operations in the absence of appropriations)

**Good News:** (Note: this is not an exhaustive list – please consult the contingency plan for other program particulars)

The contingency plan provides a brief summary of significant agency activities that will continue during a lapse, some of which are:

**Funding:**

- Monthly subsidy programs such as the public housing operating subsidies, housing choice voucher subsidies, and multifamily assistance contracts will continue to operate for as long as the funding remains available (while this may change, current thought is that funding will be available through December 2025).
- HUD's Office of Community Planning and Development (CPD) will continue to make previously obligated CDBG, HOME, HOPWA, Homeless Assistance Grants funds and other grant funds available for draw down by CPD grantees. Where further action or review by HUD employees is not required for funds to be drawn down from the system, grantees will be able to draw funds normally. Where further action or review by a HUD employee is required before a grantee may access previously obligated funds, CPD will recall employees intermittently to review and approve or deny disbursement requests as necessary to avoid an imminent threat to the safety of human life or property. CPD will continue Disaster Recovery Assistance Programs, which are funded through multi-year or no-year appropriations.
- HUD is expected to make payments under previously obligated Section 8 contracts, Section 236 agreements, Section 202 and 811 Project Rental Assistance Contracts (PRAC), Section 811 Project Rental Assistance (PRA), Performance Based Contract Administration (PBCA) contracts, and similar rental-assistance related contracts on an as-needed basis to ensure ongoing viability of assets and preservation of affordable housing. If carryover funding remains, the necessary obligational actions will be taken to make such funds available for timely disbursement, including processing Section 8 and PRAC renewals for expiring contracts and processing amendment funds for non-expiring Section 8 contract renewals.
- The majority of HUD's annual grant programs, including those that provide for emergency housing for the homeless and persons living with HIV/AIDS, continue to operate in States and local communities across the country when such grant funding has already been obligated.

**Operations of HUD departments and systems:**

- Generally, many of HUD's programs addressing imminent threats to the health and welfare of tenants and children will continue where such grant funding has already been obligated before the lapse occurs.

- HUD's Office of General Counsel (OGC) will operate on a very limited basis, primarily to provide legal advice to HUD employees to address emergency situations where the failure to perform those functions would result in an imminent threat to the safety of human life.
- Individuals appointed by the President, with Senate confirmation, are not subject to furlough and cannot be placed in a nonduty, non-pay status. HUD's Inspector General (IG) is exempt as a Presidential appointee, confirmed by the Senate. The Deputy IG is excepted in support of the IG's efforts. The IG will perform official duties during a lapse in appropriations and will except the Deputy Inspector General and, as needed, a limited number of OIG employees to assist OIG leadership with the oversight and direction of the office's excepted activities. This may include individuals performing functions relating to protecting the safety of human life, the protection of property, and the orderly termination of office functions or engage furloughed employees to perform work on activities that are excepted.
- Several HUD IT systems listed in the contingency plan, such as EIV, will continue to remain functional during a lapse because they are considered excepted activities that are necessary to protect property and records. Table 1 provides an "Excepted System List."
- The contingency plan outlines inspection protocols for Real Estate Assessment Center (REAC) inspection services for properties in the PIH and Office of Housing. Some inspections will go forward, while others will be canceled.
- Development closings are expected to continue for rental assistance conversions scheduled as part of the Rental Assistance Demonstration (RAD) where a RAD Conversion Commitment (applicable to Component 1) or a Rental Assistance Demonstration Approval (applicable to Component 2) was issued, and the closing was scheduled prior to the lapse in appropriations or RAD Conversions where the failure to close or prepare to close would threaten the property and demands an immediate response (e.g. loss of tax credits).
- Much of HUD's activities supporting FHA's portfolio of insured mortgages, as well as Ginnie Mae's work within the secondary mortgage market, which are vital to the stability and liquidity of the National economy will continue during a lapse.

### **Bad News:**

The contingency plan also provides a brief summary of significant agency activities that will cease during a lapse, some of which are:

- Apart from the "good news" above about the continuation of monthly subsidy programs, The contingency plan also states that public housing operating subsidies, housing choice voucher subsidies, and multifamily assistance contracts can be at risk of running out of funding during a lapse period. So, there's that...

- Nearly all of HUD's fair housing activities will cease during a lapse. However, in contravention of that statement, the contingency plan also states that FHEO will recall necessary personnel if an emergency arises where the Department must pursue prompt judicial action or obtain restraining orders in a civil rights matter. FHEO also will recall staff that are necessary to respond to a request from the Department of Justice to assist in litigation that has not been stayed.
- HUD has closed a number of offices, as described in The contingency plan.