The Virgin Islands Consortium

Trump Administration Proposes 40% Cut to Section 8, Shifting Program to State Control With Two-Year Cap on Aid for Able-Bodied Adults

The 2026 HUD budget plan would slash rental assistance funding, eliminate the federal Section 8 program in favor of state-managed block grants, and introduce a two-year cap on housing aid for able-bodied adults, sparking criticism from advocates.

Federal / **Published On May 07, 2025 05:32 AM /**

Staff Consortium May 07, 2025

The Louis E. Brown Housing Community on St. Croix. **By. ERNICE GILBRT, V.I. CONSORTIUM.**

The Trump administration has unveiled a sweeping plan to overhaul the Section 8 Housing Choice Voucher program, proposing a 40% cut to federal rental assistance and a transformative shift to state-administered housing grants.

The fiscal year 2026 budget, outlined by the Department of Housing and Urban Development (HUD), would slash HUD's funding by $32.9 billion, from $77 billion to $43.5 billion, with $26.7 billion in reductions targeting rental assistance programs, including Section 8. This ambitious restructuring aims to decentralize housing aid, but critics warn it could jeopardize support for millions of low-income families.

The cornerstone of the proposal is replacing the federally managed Section 8 voucher program, which currently serves 2.3 million households, with block grants allocated to states. HUD Secretary Scott Turner described the shift as a “bold” move to streamline a “bloated” system, arguing that states are better positioned to address local housing needs. “This plan empowers states to innovate, attract private investment, and deliver aid efficiently,” Turner said in a recent statement. The administration contends that federal oversight has led to inefficiencies and that state flexibility will foster tailored solutions, such as partnerships with private developers or incentives for affordable housing construction.

Under the proposed block grant system, states would receive capped federal funds to design their own rental assistance programs. The administration suggests this could include prioritizing aid for specific populations, such as the elderly or disabled, or integrating workforce development initiatives to promote self-sufficiency. To further encourage fiscal responsibility, the plan requires states to contribute financially to housing programs, reducing reliance on federal dollars. Additionally, the administration has floated a two-year cap on rental assistance for able-bodied adults, a measure officials say would focus resources on the most vulnerable while encouraging economic independence.

The budget cuts and restructuring follow other recent actions, including a freeze on $60 million in Section 4 funding and the termination of a $1 billion Green and Resilient Retrofit Program, which supported Section 8 housing preservation. White House budget official Russell Vought defended these moves, citing the need to eliminate “wasteful” programs and align spending with fiscal priorities. “We're cutting red tape and giving states the tools to solve their housing challenges,” Vought said.

However, housing advocates and Democratic lawmakers have sounded alarms over the potential consequences. The National Low Income Housing Coalition estimates that the proposed cuts could reduce aid for hundreds of thousands of families, exacerbating homelessness in high-cost regions. “Block grants sound flexible, but they're a fixed pot of money that won't keep up with rising rents,” said Diane Yentel, the coalition's president. “Section 8 already reaches only 1 in 4 eligible households due to underfunding. These cuts will make a bad situation worse.”

Critics also point to the logistical challenges of transitioning to state-run systems. States with limited budgets or less robust housing infrastructure may struggle to implement effective programs, potentially leading to disparities in aid distribution. In high-cost states like California and New York, where Section 8 vouchers are critical for low-income renters, the capped funding model could force local governments to ration assistance or raise taxes to fill gaps.

Supporters of the administration’s plan argue that decentralization could spur innovation. For example, states could experiment with public-private partnerships or streamline administrative costs, which HUD claims consume a significant portion of current funding. The administration also highlights that the two-year cap on assistance for able-bodied adults aligns with broader welfare reform goals, encouraging recipients to pursue employment or training opportunities.

The debate over Section 8’s future comes amid a national housing crisis, with rising rents and a shortage of affordable units straining low-income households. While the administration’s budget proposal is still under review, it has already sparked intense discussion in Congress, where lawmakers face pressure to balance fiscal restraint with the growing demand for housing support.