

# Puget Sound Regional Council (PSRC) Federal Update – January 2026

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# Agenda

1

**01** FY26 Appropriations Update

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**02** Surface Transportation  
Reauthorization Update

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**03** ROAD to Housing / Housing for the  
21<sup>st</sup> Century Act

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**04** Continuum of Care (CoC) Update

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**05** H.R. 1 Housing Provisions – LIHTC  
and Opportunity Zones (OZs)

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**06** FEMA Reform Update

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**07** 2026 Elections Outlook

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# FY 26 Appropriations Update

2

- **There is less than 10 days until current government funding expires on January 30.** Congress has been making significant progress to pass the remaining nine appropriations bills to avert a government shutdown.
- On January 20, The House and Senate Appropriations Committees released [the Consolidated Appropriations Act of 2026, which includes the remaining FY26 appropriations bills: Transportation-HUD, Defense, Labor-HHS-Education, Homeland Security.](#)
  - The final Transportation-HUD bill includes PSRC's Congressionally Directed Spending (CDS) request for the **Regional Mobility Forecast Study (\$500,000).**
  - Due to disagreements over federal immigration policy and spending, the House will hold a separate vote on the Homeland Security bill. **The House is expected to consider and vote on the package this week before adjourning for a week-long recess. The Senate is expected to consider the measure next week.**
- Earlier this month, House and Senate appropriators also released two minibus packages that contain the following bills:
  - **Commerce-Justice-Science, Interior-Environment, and Energy-Water:** Passed by House and Senate.
  - **Financial Services-General Government and State-Foreign Operations (National Security-Department of State in the House):** Passed by the House; awaiting Senate consideration.

# FY26 Appropriations Update - DOT

DOT Program	FY25 Enacted	FY26 House	FY26 Senate	FY26 Final
<b>BUILD (previously known as RAISE) (<i>In addition to IIJA Advanced Appropriations</i>)</b>	<b>\$345 million</b>	<b>\$0</b>	<b>\$250 million</b>	<b>\$145 million</b>
<b>Federal Aviation Administration (FAA)</b>	<b>\$20.081 billion</b>	<b>\$23.296 billion</b>	<b>\$22 billion</b>	<b>\$22.2 billion</b>
<b>FAA Contract Tower Program</b>	<b>\$205.37 million</b>	<b>\$279 million</b>	<b>\$279.2 million</b>	<b>\$279.2 million</b>
<b>Federal Highway Administration (FHWA)</b>	<b>\$62.991 billion</b>	<b>\$64.366 billion</b>	<b>\$63.3 billion</b>	<b>\$64.3 billion</b>
<b>FHWA Highway Formula Funding (<i>authorized by IIJA</i>)</b>	<b>\$60.095 billion</b>	<b>\$62.657 billion</b>	<b>\$62.657 billion</b>	<b>\$62.657 billion</b>
<b>FHWA Highway Infrastructure Grants</b>	<b>\$340.5 million</b>	<b>\$1.369 billion</b>	<b>\$1.136 billion</b>	<b>\$2.395 billion</b>
<b>Federal Transit Administration (FTA)</b>	<b>\$16.603 billion</b>	<b>\$14.91 billion</b>	<b>\$16.89 billion</b>	<b>\$16.5 billion</b>
<b>FTA Transit Infrastructure Grants</b>	<b>\$45.568 million</b>	<b>\$97.266 million</b>	<b>\$140.857 million</b>	<b>\$211.4 million</b>
<b>FTA Capital Investment Grants Program</b>	<b>\$2.205 billion</b>	<b>\$53.74 million</b>	<b>\$1.95 billion</b>	<b>\$1.7 billion</b>
<b>FTA Transit Infrastructure Formula Funding (<i>authorized by IIJA</i>)</b>	<b>\$14.279 billion</b>	<b>\$14.642 billion</b>	<b>\$14.642 billion</b>	<b>\$14.642 billion</b>

# FY26 Appropriations Update - DOT

DOT Program	FY25 Enacted	FY26 House	FY26 Senate	FY26 Final
<b>Passenger Ferry Grant Program (in addition to IIJA Advanced Appropriations)</b>	\$20 million	\$0	\$30 million	\$25 million
<b>Rural Ferry Grant Program (in addition to IIJA Advanced Appropriations)</b>	\$20 million	\$0	\$25 million	\$20 million
<b>Federal Railroad Administration (FRA)</b>	<b>\$2.925 billion</b>	<b>\$3.123 billion</b>	<b>\$2.9 billion</b>	<b>\$3.637 billion</b>
<b>Fed-State Partnership for Intercity Passenger Rail</b>	\$75 million	\$0	\$75 million	\$65 million
<b>Consolidated Rail Infrastructure and Safety Improvements (CRISI)</b>	\$100 million	\$538.4 million	\$151.52 million	\$137.42 million
<b>Maritime Administration (MARAD)</b>	<b>\$900 million</b>	<b>\$828 million</b>	<b>\$874 million</b>	<b>\$917 million</b>
<b>Port Infrastructure Development Program (PIDP)</b>	\$50 million	\$123.47 million	\$75 million	\$103.3 million

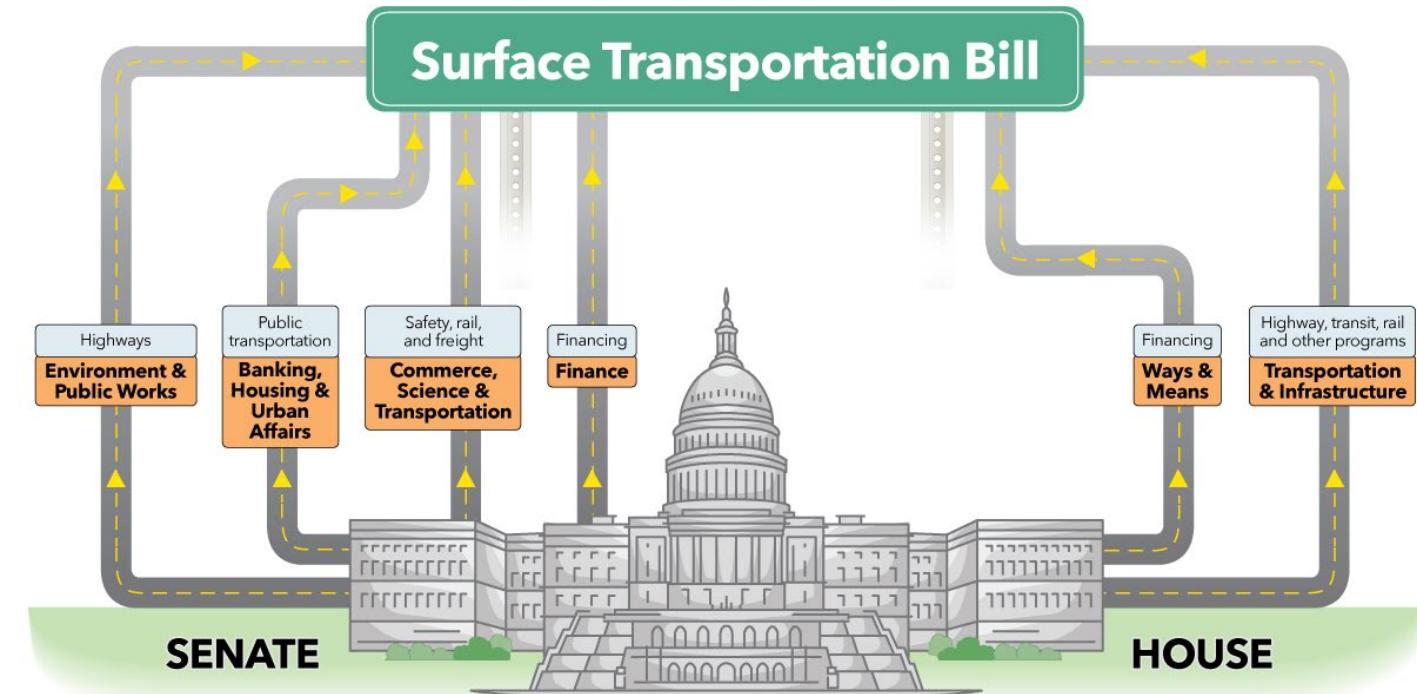
# FY26 Appropriations Update - HUD

HUD Program	FY 2025 Enacted	FY 2026 House	FY 2026 Senate	FY 2026 Final
Tenant-Based Rental Assistance	\$32.1 billion	\$31.26 billion	\$33.7 billion	\$34 billion
Public Housing Fund - Capital Fund	\$3.2 billion	\$2.286 billion	\$3.2 billion	\$3.2 billion
Public Housing Fund - Operating Fund	\$5.475 billion	\$4.975 billion	\$4.87 billion	\$4.67 billion
Choice Neighborhoods Initiative	\$75 million	\$0	\$40 million	\$25 million
Manufactured Housing Improvement and Financing Program	\$10 million	\$0	\$10 million	\$0
Homelessness Assistance Grants	\$4.051 billion	\$4.158 billion	\$4.5 billion	\$4.4 billion
Housing Opportunities for Persons with AIDS	\$505 million	\$505 million	\$529 million	\$529 million
Project Based Rental Assistance	\$16.9 billion	\$16.726 billion	\$17.8 billion	\$18.543 billion
Community Development Block Grants (CDBG)	\$3.4 billion	\$3.3 billion	\$3.1 billion	\$3.3 billion
HOME Investment Program	\$1.25 billion	\$0	\$1.25 billion	\$1.25 billion
PRO Housing Grant Program	\$100 million	\$0	\$60 million	\$50 million

# Surface Transportation Reauthorization Update

6

- Congress continues to draft and advance the next surface transportation reauthorization bill as the current authorization, Infrastructure Investment & Jobs Act (IIJA) expires on September 30, 2026.
- Many transportation/infrastructure programs are also issuing their last funding opportunity rounds with mandatory funds in 2026 (i.e. BUILD, SS4A, etc.).
- **The House T&I Committee plans to introduce and mark-up the bill in February. The Senate EPW Committee aims to hold a markup of their bill in March 2026.**
- Contrary to the IIJA – which provided numerous new and expanded investments in infrastructure with mandatory spending – Chair Graves has made it clear that this next surface transportation bill will **focus on funding more “traditional” forms of infrastructure** – such as roads, bridges, and highways – rather than bike/pedestrian paths and leave funding up to the appropriators.



Source: Bloomberg Government

# Surface Transportation Reauthorization Update

7

- PSRC has shared the following priorities with Congressional committees and lawmakers for the next surface transportation reauthorization bill:
  - **Metropolitan Planning (PL):** Increase Metropolitan Planning (PL) funding;
  - **Ferry Programs:** Increase funding and policies to restore, improve, and modernize the Washington State Ferries system;
  - **Safe Streets and Roads for All (SSFA):** Reauthorize and increase funding for the Safe Streets and Roads for All Program.
- **PSRC Members of Congress on Committees of Jurisdiction:**

## House Transportation and Infrastructure

Rep. Rick Larsen (WA-02), Ranking Member

Rep. Marilyn Strickland (WA-10)

## House Ways and Means

Rep. Suzan DelBene (WA-01)

## Senate Commerce, Science, and Transportation

Sen. Maria Cantwell, Ranking Member

## Senate Finance Committee

Sen. Maria Cantwell

# Housing for the 21<sup>st</sup> Century Act / ROAD to Housing Act

8

- The House Financial Services and Senate Banking, Housing, and Urban Affairs Committees will continue working to advance a comprehensive, bipartisan housing package in 2026.
  - Last year, Senate Banking, Housing, and Urban Affairs Committee Chair Tim Scott (R-SC) and Ranking Member Elizabeth Warren (D-MA), introduced the **ROAD to Housing Act** as the first comprehensive, bipartisan housing package introduced in over a decade. The committee advanced the bill in July 2025 with a unanimous, 24-0 committee vote.
  - In October 2025, the Senate included the ROAD to Housing Act as part of their version of the FY26 National Defense Authorization Act (NDAA). However, it was not included in the final version of the FY26 NDAA signed into law last month ([S.1071](#)).
- Following this, the House Financial Services Committee leadership released the **Housing for the 21st Century Act (H.R. 6644)** on December 11, 2025. Much like the ROAD to Housing Act, the Housing for the 21st Century Act is a package of bills previously introduced by committee members in the 119th and prior Congresses.

# Housing for the 21<sup>st</sup> Century Act / ROAD to Housing Act – Comparison of Provisions

Section	Heading	Summary	Difference from ROAD to Housing Act
102	<b>Accelerating home building grant program (H.R. 5907)</b>	Establishes a new grant program for local governments to fund the creation of pattern books with a focus on missing middle and infill construction; and designs of Funding may not be used for construction, alteration, or repair work.	Included in both bills.
201	<b>HOME Reform (H.R. 5798)</b>	<p>Includes Rep. Mike Flood (R-NE) and Rep. Emanuel Cleaver's (D-MO) HOME Reform Act. Key elements of Chair Flood and Ranking Member Cleaver's proposal include:</p> <ul style="list-style-type: none"> <li>Reduces federal restrictions on how jurisdictions can use HOME funds for construction and rehabilitation.</li> <li>Expanded eligible use of HOME funds to include infrastructure improvements (i.e. water/sewer lines, sidewalks, roads, etc.) for any jurisdiction that does not receive CDBG funding.</li> <li>Expands eligibility for HOME funds to cover housing occupied by families earning up to 100% of area median income (AMI), rather than strictly "low-income families".</li> </ul>	HOME Reauthorization and reform, as included in ROAD, does not contain many of the reforms aimed at streamlining program requirements and instead provides a more standard reauthorization.
202	<b>Community Development Fund Amendments (H.R. 4659) (H.R. 5077)</b>	Requires CDBG grantees to report on their adoption of policies that impact housing supply and affordability, specifically regarding land use.	Not included in ROAD.
405	<b>Reforms to housing counseling and financial literacy programs</b>	Requires organizations receiving federal funding to provide housing counseling and advice to tenants.	Not included in ROAD.

# Housing for the 21<sup>st</sup> Century Act / ROAD to Housing Act – Comparison of Provisions

Section	Heading	Summary	Difference from ROAD to Housing Act
203	<b>Planning and implementation grants for affordable housing</b>	<ul style="list-style-type: none"> <li>Authorizes the HUD Secretary to award competitive grants to regional planning agencies or consortia to assist planning activities, such as:           <ul style="list-style-type: none"> <li>Support development of housing plans and strategies.</li> <li>Update regulatory processes &amp; reform zoning.</li> <li>Build capacity to reduce barriers to housing supply and affordability</li> </ul> </li> <li>Authorizes the HUD Secretary to award implementation grants to local governments to:           <ul style="list-style-type: none"> <li>Carry out housing plans and strategies.</li> <li>Fund aligned community investments.</li> <li>Implement reformed zoning and regulatory processes.</li> </ul> </li> </ul>	Some parallels to ROAD's Innovation Fund, which authorizes a new grant program to support infrastructure improvements.
205	<b>Choice in Affordable Housing (H.R. 1981)</b>	Allows housing units that are financed through certain existing federal housing programs (such as LIHTC, HOME, Rural Housing Service,) to automatically satisfy the inspection requirements of HUD's Section 8 Tenant Based Voucher program if they have been inspected within the prior year.	Included in both bills.

# Continuum of Care (CoC) Update

11

- In November, HUD released its FY25 Continuum of Care (CoC) NOFO with \$3.8 billion in available funding, **including a proposal to cap permanent supportive housing funds at 30%**.
- On December 23, 2025, Judge McElroy (Rhode Island District Court) issued a preliminary injunction blocking HUD from rescinding the FY24–25 NOFO or issuing a replacement. **The ruling prevents HUD from implementing the 30% cap, requires processing of FY25 renewal grants under FY24–25 NOFO terms, and ordered HUD to submit a renewal plan by December 30, 2025.**
  - **Bipartisan members of Congress also expressed concerns about the 30 percent cap last year.**
- Following the injunction, HUD reopened the FY24–25 NOFO portal on January 9. Prior-year awardees seeking straight renewals do not need to reapply, and HUD will evaluate renewals using the FY24–25 NOFO criteria if the court order remains in effect.
- **Applicants wishing to reallocate or replace funds must apply by February 9, with renewal and reallocation awards expected in late March.**
- In addition, the FY 2026 THUD Appropriations bill includes language that requires HUD to make timely renewals if their ability to issue a new NOFO is unlikely or delayed.

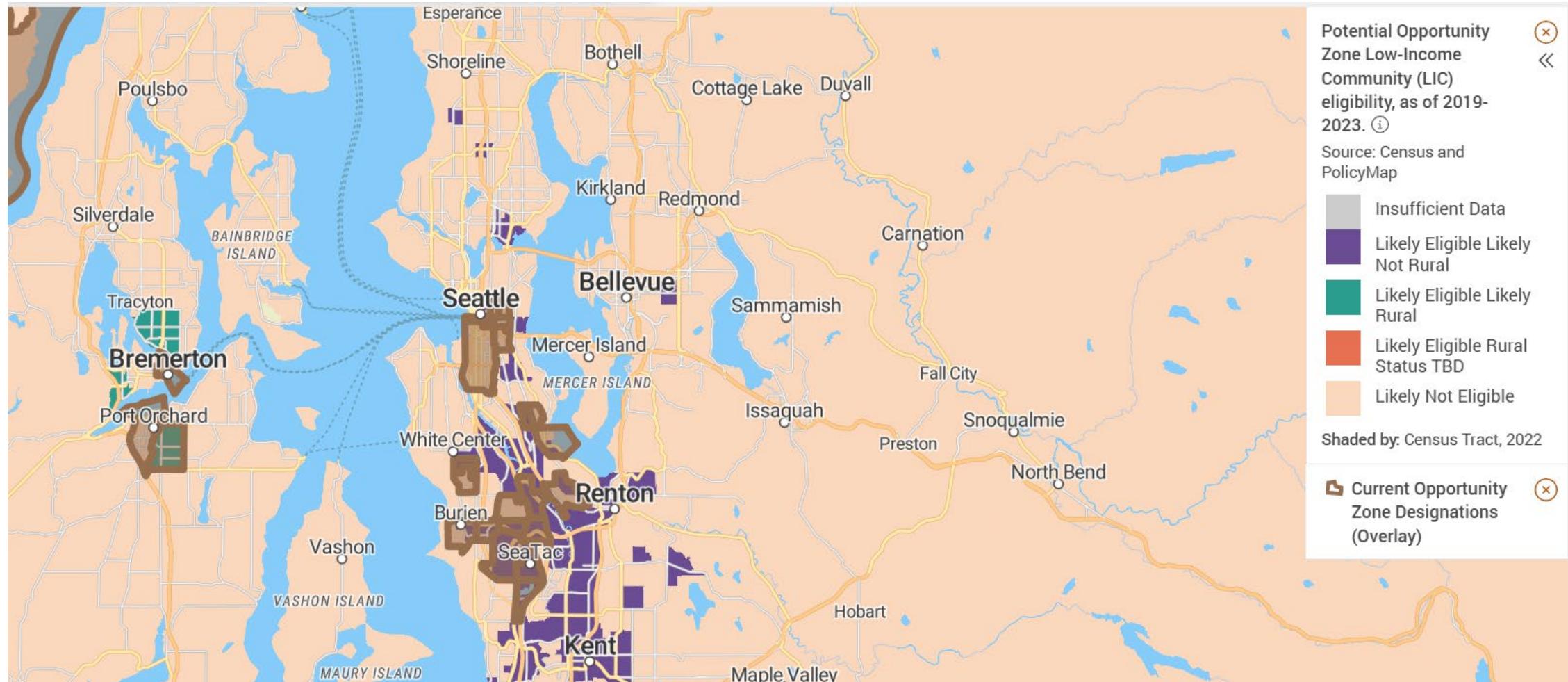
# H.R. 1 Housing Provisions – LIHTC and Opportunity Zones (OZs)

12

- The **Opportunity Zone (OZ)** program was made permanent this past summer in the One Big Beautiful Bill (H.R. 1). The OBBB imposed new, stricter criteria for OZ eligibility. Below is a timeline of OZ implementation under H.R. 1:
  - **July 1, 2026:** Governors can begin nominating new census tracts for Opportunity Zone designation. As was the case in the original OZ statute, governors may select up to 25 percent of their states' eligible tracts, with a 25-tract minimum. Importantly, governors maintain full discretion when nominating tracts for OZ status.
  - **Late 2026:** The Treasury Department will designate the new OZ tracts.
  - **January 1, 2027:** The new Opportunity Zone 2.0 map goes into effect.
  - **Through December 31, 2028:** There will be an overlap period where both the existing (2018) OZs and the new (2027) OZs are available for investment.
- **LIHTC Expansion:** Another key provision of the One Big, Beautiful Bill Act (H.R. 1) passed last year is the expansion of the Low-Income Housing Tax Credit (LIHTC), **which was made effective January 1, 2026.**
  - H.R. 1 permanently increases state allocations for the competitive LIHTC program (9% LIHTC) by 12 percent, as well as expands automatic (4% LIHTC) eligibility by lowering the minimum private activity bond (PAB) threshold from 50 percent to 25 percent.

# Opportunity Zone (OZ) Program Updates – Potential OZ Map for Puget Sound Region

13



Source: PolicyMap - Potential Opportunity Zone Low-Income Community (LIC) eligibility, as of 2019-2023.

# FEMA Reform Update

14

- **FEMA Act:** Addressing reforms to the Federal Emergency Management Agency (FEMA) is also expected to remain a key priority for Congress in 2026. Following the introduction of the **FEMA Act (H.R. 4669)**, the House Transportation & Infrastructure (T&I) Committee advanced the FEMA Act last September with a bipartisan, 57-3 committee vote. It is now pending House consideration. Key provisions to reform FEMA programs and procedures include, but are not limited to:
  - Restoration of FEMA as a cabinet-level agency;
  - Creation of project-based grants to support repair, restoration, reconstruction, or replacement activities for facilities post-disaster in communities;
  - Creation of a universal application for individual disaster assistance requests; and
  - Streamlining of permitting processes for FEMA-supported projects.
- **FEMA Review Council:** The Trump Administration has also been evaluating reforms to FEMA through its FEMA Review Council, which was expected to release its final recommendations last month before the public meeting and report were abruptly cancelled. **Under Section 5 of EO 14180, the Council will terminate on January 24, 2026, unless extended by the President.**

# 2026 Midterms Lookahead

15

- **House: All Washington State House seats are up for reelection in 2026. All House members representing districts in the Puget Sound region are seeking reelection.**
  - WA-03: Rep. Gluesenkamp Perez is seeking reelection. **However, Cook Political Report has categorized this race as a “toss-up”.**
    - ◆ Republican Candidates: Antony Barran, John Braun, Lawrence Kellogg
    - ◆ Democratic Candidates: Brent Hennrich
    - ◆ Independent Candidates: Suzzanna Tanner
  - WA-04: Rep. Dan Newhouse is not seeking reelection. Cook Political Report estimates that this seat will remain Republican.
    - ◆ Republican Candidates: Amanda McKinney, Wesley Meier, Jerrod Sessler
    - ◆ Democratic Candidates: John Duresky
    - ◆ Independent Candidates: Devin Poore
- The Senate is expected to remain under Republican control. **However, there are several seats Cook Political Report is categorizing as a “toss-up”, including: Georgia, Michigan, Maine, and North Carolina.**
- **Redistricting Battles**
  - Already in Motion: Texas, Missouri, North Carolina, Utah, California
  - Planning/Under Consideration: Florida, Indiana, Ohio, Maryland, New York, and Virginia

# Questions?