

To the office of U.S. Representative Mary Gay Scanlon

Re: HR 10103 (119th Congress), Stable Homes Act • Latest action (2026-08-13): Referred to the House Committee on Financial Services.

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Office of record (Congress.gov): 1214 Longworth House Office Building, Washington, DC • (202) 225-2011

State Eviction Diversion Incentive Act of 2025

The measure, as described from the official record: Reduce homelessness and housing instability by providing federal grants to local governments to establish or expand programs that divert evictions before they occur.

THE PROPOSAL

This Act establishes a temporary, competitive grant program administered by the Secretary of Housing and Urban Development (HUD) to provide funding to states (including territories and the District of Columbia) for the purpose of creating or expanding eviction diversion programs. To be eligible, a state must submit a plan demonstrating how the funds will be used to provide mediation, rental assistance, legal aid, or other services that prevent evictions while respecting landlord property rights and due process. The program is funded by a specific appropriation from general revenues, capped at \$500 million per fiscal year for five years. Each state grant shall require a 25% non-federal match, which may be in cash or in-kind services. HUD shall oversee compliance through annual reporting and audits, and any state that fails to meet program goals or misuses funds shall repay the grant with interest. The program sunsets after five years, with a final report to Congress on effectiveness and recommendations for any continuation.

OPERATIVE PROVISIONS (VFA PROPOSAL)

Funding Source	General fund of the U.S. Treasury, subject to annual appropriation
Funding Amount	\$500 million per fiscal year, for five years
Sunset Years	5 years
Oversight Body	Office of the Inspector General, U.S. Department of Housing and Urban Development
Enforcement Mechanism	Repayment of grant funds with interest for noncompliance; debarment from future federal grants for willful misuse
Effective Date	October 1, 2025

CONSTITUTIONAL BASIS

- Article I, Section 8, Clause 1 (Spending Clause: Congress may tax and spend for the general welfare, including grants to states with conditions)
- Tenth Amendment (powers not delegated to the United States are reserved to the states; this bill respects that by using state-administered grants rather than direct local mandates)

Concerns with the measure as written:

- The bill's direct grant program to local governments may exceed Congress's enumerated powers under Article I, Section 8, as housing and landlord-tenant relations are traditionally state and local matters reserved by the Tenth Amendment.
- Without a clear nexus to an enumerated power (e.g., interstate commerce or spending for general welfare), the program may intrude on state sovereignty.

WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)

Honors Democratic priorities: provides federal support to prevent homelessness and stabilize families. Honors Republican priorities: respects federalism by channeling funds through states with a non-federal match, imposes a sunset to limit permanent federal expansion, and includes accountability measures to prevent waste.

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