



April 13, 2026

Submitted via Regulations.gov

Docket No. HUD-2026-0298

Regulations Division, Office of the General Counsel
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410-0500

Re: Comments on Proposed Rule FR-6520-P-01, “Establishing Flexibility for Implementation of Work Requirements and Term Limits” (91 Fed. Reg. 10016, March 2, 2026)

Dear Sir or Madam,

The National Leased Housing Association (NLHA) represents owners, operators, and managers of multifamily affordable housing assisted through HUD’s Section 8 programs, including the Housing Choice Voucher (HCV), Project-Based Voucher (PBV), and Project-Based Rental Assistance (PBRA) programs, as well as Public Housing Agencies (PHAs) that administer these programs. We appreciate the opportunity to comment on HUD’s proposed rule to establish flexibility for the implementation of work requirements and term limits in HUD-assisted rental housing.

I. The Voluntary Framework Must Be Preserved, and Not Treated as a Stepping Stone to Mandatory Requirements

The proposed rule’s voluntary implementation approach is essential to its viability for housing providers. This voluntary flexibility is consistent with the Housing Act of 1937’s mandate to give PHAs maximum flexibility in program administration. We commend HUD for structuring this as a permissive rule rather than a mandate.

That voluntary character has taken on heightened importance in light of the Administration’s FY 2027 budget request. General Provision Section 232 of the proposed budget would amend Section 12 of the Housing Act of 1937 to make work requirements and a 60-month cumulative time limit *mandatory* for all non-exempt residents of HUD-assisted housing. Under that proposal, every non-exempt adult in public housing, HCV, and PBRA would be required to perform at least 20 hours per week of approved work activities as a condition of continued assistance. A 60-month cumulative time limit would apply automatically. Critically, the budget

proposal contains no supportive services requirement and no additional federal funding to support implementation.

NLHA strongly opposes the mandatory approach reflected in Section 232. Every concern we raise in the comments below would apply with far greater force to a mandatory regime in which PHAs and owners have no discretion about whether or when to implement. We urge HUD to make clear in the final rule that the permissive framework is integral to the rule and not a precursor to mandatory requirements. The proposed rule should affirmatively foreclose any reading of it as precedent for the mandatory authority sought in the FY 2027 budget proposal. If HUD intends to pursue a mandatory regime through separate legislative or regulatory channels, those efforts should be the subject of their own public process, with a full accounting of costs, funding needs, and impacts on tenants and housing providers.

Even within the proposed rule's permissive framework, we urge HUD to guard against erosion of the voluntary character from other directions. The Regulatory Impact Analysis (RIA) notes that laws in Arkansas and Wisconsin may effectively compel PHAs in those states to adopt work requirements. Where state directives eliminate true discretion, PHAs face involuntary implementation costs and compliance burdens without the organizational commitment and support infrastructure that characterize successful voluntary adoption. HUD should affirmatively preempt any compelled adoption imposed by state law and ensure PHAs, as well as owners, are able to make voluntary decisions on implementation based on their available resources and their unique local circumstances.

The rule should also make clear that PBRA owners retain full discretion not to adopt. Preserving meaningful optionality for all owners is both appropriate and essential to avoid creating disincentives for continued participation in the PBRA program, which could put existing affordable housing at risk amidst a national affordable housing crisis.

II. The Absence of Dedicated Funding or Funding Flexibility Is a Fundamental Barrier to Implementation

Our most significant concern is the disconnect between what the rule requires of adopting entities and what it provides to support those requirements. PHAs and owners that implement work requirements must provide or arrange supportive services for tenants, yet the rule provides no additional federal funding for those services. HCV administrative fees and PBRA project funds are explicitly prohibited from being used for this purpose. Non-Moving to Work (MTW) PHAs and Section 8 owners therefore have no mechanism to redirect existing program resources toward supportive services, in sharp contrast to MTW agencies, which can draw on fully fungible federal funding pools to finance the services that make work requirements effective. This matters because the evidence HUD relies upon for the rule's projected benefits is inseparable from MTW funding flexibility. The Charlotte Housing Authority, whose experience is the primary empirical foundation for HUD's employment projections, directly provided life coaches and intensive case management and partnered extensively with local workforce organizations, all supported by MTW resources. Expecting non-MTW PHAs and Section 8 owners to achieve comparable outcomes without comparable resource authority is unsound. The

comparison is made more troubling by the FY 2027 budget proposal, which seeks to mandate these policies system-wide while substantially reducing funding.

The RIA estimates annual ongoing support services and compliance costs of up to \$17.7 million across adopting entities, plus one-time implementation costs of up to \$2.2 million, with no federal offset. For smaller agencies and PBRA owners operating on thin margins, this cost burden will either deter adoption entirely or produce under-resourced implementation that yields poor outcomes and potential harm to residents.

HUD should address this gap before finalizing the rule. At minimum, HUD should extend MTW-equivalent funding fungibility to non-MTW PHAs and owners that elect to implement work requirements or term limits, enabling them to direct existing program resources toward supportive services. HUD should also consider a dedicated competitive grant mechanism to support implementation by agencies without the capacity to absorb these costs.

III. The RIA's Benefit Projections Rest on Limited, Context-Specific Evidence

The rule's projected employment benefits (up to 59,000 additional employed individuals in the high adoption scenario) rest almost entirely on a single study of a single MTW agency (Rohe et al., 2016, Charlotte Housing Authority), conducted in a context of intensive, MTW-funded case management. That study measured employment rates, not earnings or hours, and its results cannot be reliably generalized to thousands of PHAs and owners in varied labor markets and without comparable resources. For term limits specifically, the RIA explicitly concedes there are no rigorous empirical studies of their effectiveness as a self-sufficiency tool, yet the rule would permit limits as short as two years, which for many families may exceed their wait for assistance. In the high adoption scenario, up to 79,000 families and 170,000 children would be subject to term limits. HUD should not finalize term limit authority without a clearer evidentiary basis and provisions ensuring adequate transition time for approaching families.

IV. Work Requirements and Term Limits May Deter HCV Landlord Participation

For tenant-based HCV, we are concerned that work requirements and term limits could exacerbate already-low landlord participation rates. Currently, only approximately 60 percent of households offered a voucher successfully lease a unit. Adding the prospect of mid-tenancy subsidy termination due to work requirement non-compliance or a term limit gives landlords an additional reason to decline voucher holders. This concern is heightened by the FY 2027 budget proposal, which would extend mandatory requirements to tenant-based HCV recipients by striking the existing Section 204(e)(2) exclusion. This could substantially affect the willingness of private landlords to participate in the program. The RIA's assumption that displaced households are promptly replaced by waiting-list families depends on continued landlord participation that may be overly optimistic in tight rental markets.

V. Conclusion

NLHA believes that any implementation of work requirements or time limits must be entirely voluntary on the part of housing providers. In contrast to the Administration's pursuit of mandatory authority in the FY 2027 budget, HUD should clearly and durably preserve voluntary discretion and commit to pairing any implementation with the funding and resource flexibility

that the evidence shows is necessary for success. We urge HUD to: (1) affirm that the proposed rule is a permissive framework, not a prelude to mandatory requirements; (2) establish dedicated funding or MTW-equivalent funding fungibility for entities that choose to implement; (3) recalibrate benefit projections and minimum term limit durations to reflect the limited evidence base; and (4) assess and address risks to HCV landlord participation. We look forward to working with HUD on a final rule that advances self-sufficiency goals without placing unfunded burdens on housing providers or destabilizing the families they serve.

Respectfully submitted,

Sincerely,



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