NLHA

NATIONAL
LEASED HOUSING
ASSOCIATION

August 3, 2026

Regulations Division
Office of General Counsel
U.S. Department of Housing and Urban Development
451 Seventh Street SW, Room 10276
Washington, DC 20410-0500

Submitted electronically via regulations.gov

Re: Docket No. FR–6607–N–01; Section 8 Housing Assistance Payments Program—Fiscal Year (FY) 2026 Inflation Factors for Public Housing Agency (PHA) Renewal Funding, and Request for Comment on Potential FY 2027 Methodology Changes

To Whom It May Concern:

The National Leased Housing Association (NLHA) appreciates the opportunity to comment on HUD's notice establishing Fiscal Year (FY) 2026 Renewal Funding Inflation Factors (RFIFs) for the Housing Choice Voucher (HCV) program and requesting comment on a potential methodological change for FY 2027. NLHA's membership includes public housing agencies (PHAs); owners and operators of housing relied upon by voucher holders; affordable housing developers; lenders; investors; and attorneys who together administer and finance rental assistance programs serving low-income households in every state.

HUD is considering whether to refine the local inflation component of the RFIF to incorporate an additional factor reflecting the extent to which rent inflation in a local market may be influenced by local land-use policies, permitting practices, or other local regulatory or policy factors affecting housing supply. NLHA urges HUD not to adopt this change. We offer the following perspective as an organization representing the full range of participants in HUD's rental assistance programs.

The RFIF Exists to Fund the Cost of Renewing Existing Assistance, Not to Serve as a Housing-Policy Tool

Congress requires HUD to apply an inflation factor so that renewal funding keeps pace with the actual cost of continuing to assist the same families already under lease. That is a narrow and specific purpose: estimating cost, not evaluating the wisdom of local land-use or permitting decisions. Repurposing the RFIF to reward or penalize jurisdictions based on HUD's assessment of local housing policy is a fundamental change in the nature of the formula, and one Congress has not directed.

PHAs and Housing Providers Do Not Control the Policies HUD Would Measure

Zoning, permitting, and land-use approval decisions are made by local and state governments, not by the PHAs that administer vouchers or the owners who lease to voucher holders. Many PHAs serve multiple jurisdictions with different policies, and none of them can compel a city council or planning commission to act. Reducing renewal funding based on factors program participants cannot influence will not change local policy; it will simply reduce the resources available to serve eligible families.

No Objective Methodology Can Reliably Isolate Policy-Driven Rent Growth from Other Market Forces

Local rents are shaped by an interacting mix of demand, construction and labor costs, interest rates, insurance costs, geography, and household income growth, in addition to regulatory conditions. There is no available methodology capable of separating the regulatory share of rent inflation from these other drivers with the accuracy needed to justify adjusting federal funding at the PHA level. Building permits, housing completions, and similar measures are lagging indicators shaped by financing conditions and market cycles as much as by local policy. Applying them to a renewal-funding formula risks arbitrary and inconsistent results across the thousands of markets the HCV program serves.

Unpredictable Renewal Funding Would Undermine Landlord and Investor Participation

The HCV program already faces persistent challenges attracting and retaining landlord participation, and affordable housing production depends on lenders and investors who price their participation based on the reliability of federal rental assistance funding. Introducing a subjective, discretionary adjustment to renewal funding, which could vary from year to year based on HUD's changing assessment of local policy, adds a new source of funding uncertainty at a time when the program can least afford it.

Responses to HUD's Specific Questions

NLHA offers the following brief responses to the numbered questions in HUD's notice. Our overarching recommendation is that HUD not adopt a housing-supply or regulatory factor in the RFIF methodology.

1. *Should HUD discount or mark up the local inflation adjustment based on housing supply constraints?* No. Either approach would reward or penalize PHAs and voucher families for policy decisions outside their control, without creating a meaningful incentive for the local governments that actually control those policies.

2. *What type of factor could HUD incorporate?* NLHA is not aware of one that would not introduce significant subjectivity, and we do not believe such a factor should be added to the RFIF.

3. *What data sources should HUD use?* Building permits, completions, rent-to-income trends, and price-to-construction-cost ratios are lagging and imprecise proxies shaped by many forces beyond local regulation. None reliably isolates the policy-driven share of rent growth, and none should be used to adjust renewal funding.

4. *What methodologies exist to compare land-use restrictiveness across jurisdictions?* NLHA is not aware of one capable of producing fair, consistent results across the many thousands of jurisdictions the HCV program touches, particularly given that many PHAs operate across multiple jurisdictions with differing policies.

5. *How could HUD calibrate the factor given the many drivers of rent inflation outside local control?* We do not believe reliable calibration is possible, which is a central reason NLHA opposes adding this factor.

6. *Should the methodology use year-over-year or multi-year periods?* If HUD proceeds despite our objection, multi-year measures would reduce volatility relative to single-year data.

7. *What cap or limit should apply to any adjustment?* Any adjustment should be as limited as possible to minimize harm to PHAs and assisted families; our primary recommendation remains that HUD adopt no such adjustment.

8. *Should HUD target the change by voucher volume (e.g., PHAs above 2,000 HCVs)?* Limiting the change to larger PHAs would not resolve NLHA's objections and would still penalize affected agencies, owners, and families for factors beyond their control.

9. *Are there other considerations HUD should weigh?* HUD should confirm any methodology change is consistent with the RFIF's statutory purpose: providing amounts sufficient to continue assistance for the actual number of families served, 42 U.S.C. § 1437f(dd). HUD also should not finalize a change of this significance without first publishing a specific proposed formula, data sources, and PHA-level impact estimates for public comment.

Thank you for the opportunity to comment on this important proposal. NLHA welcomes the opportunity to discuss these comments further.

Respectfully submitted,

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National Leased Housing Association