



NATIONAL
MULTIFAMILY
HOUSING
COUNCIL

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Office of General Counsel
Regulations Division
U.S. Department of Housing and Urban Development
451 7th Street, SW, Room 10276
Washington, DC 20410-0500

Re: Docket No. FR-6520-P-01, Establishing Flexibility for Implementation of Work Requirements and Term Limits

Dear Secretary Turner,

On behalf of the National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC),¹ we submit these comments on the U.S. Department of Housing and Urban Development (HUD) Proposed Rule, *Establishing Flexibility for Implementation of Work Requirements and Term Limits* (the “Proposed Rule”).

NAA and NMHC are grateful that HUD prioritizes voluntary participation and individualized program administration for Project-Based Rental Assistance (PBRA) properties. We support efforts to ensure rental housing assistance flows effectively and efficiently, while continuing to provide the funding necessary to address critical housing needs. As HUD seeks to promote self-sufficiency and employment, we recognize flexibility is critical for PBRA owners to tailor policies and practices to meet their business needs and ensure rental communities remain financially sound. However, flexibility in public housing authority (PHA) policies, such as through the Housing Choice Voucher (HCV) program, can make housing outcomes more unpredictable and negatively impact property operations.

As HUD contemplates this rulemaking, we write to provide perspective on the rental housing industry which can inform the Proposed Rule.

¹ For over 26 years, NAA and NMHC have worked on behalf of the nation’s apartment industry, serving our combined members who represent all aspects of the multifamily sector including development, construction, ownership, management and finance. As a federation of over 139 state and local affiliates, NAA represents 113,000 members representing more than 13.5 million Apartment homes. NMHC is where rental housers and suppliers come together to help meet America’s housing needs by creating resilient and inclusive communities where people build their lives. One-third of all Americans rent their housing, and our industry plays a critical role in meeting the nation’s housing needs by providing apartment homes for 40 million residents and contributing \$3.4 trillion annually to the economy.

I. Financial Incentives are Necessary for Maximum Participation

We appreciate HUD's goals of ensuring that housing assistance is spent efficiently and maximizes successful housing outcomes for assisted households. To achieve these goals, however, the lack of dedicated funding for implementing work requirements or term limits may be a barrier to PBRA property owner participation.

NAA surveyed its membership on this matter and nearly two-thirds of respondents indicated that they do not have sufficient staff to administer work requirements or term limits. Half of respondents reported that the requirement to offer supportive services is operationally infeasible.

PBRA properties operate on exceedingly thin margins and must comply with layers of local, state and federal regulation. The costs associated with administering these programs are prohibitive for many owners. As such, nearly one-third of survey respondents reported that they are not very likely to adopt work requirements or term limits if given the option. NAA and NMHC urge HUD to explore additional funding opportunities for PBRA property owners that choose to opt-in.

II. Additional Requirements from PHAs Complicate Rental Operations

While voluntary participation is essential for PBRA owners and operators, NAA and NMHC are concerned about how the Proposed Rule would afford those same options to PHAs. The rental housing industry is best served by clear and uniform policies that are predictably implemented across HUD programs, including HCV, and the PHAs that administer them. Expanding PHA discretion over regulations could have unintended consequences.

Seventy-one percent of NAA member survey respondents are concerned that term limits would increase turnover and create vacancy challenges in their properties, and sixty-five percent feel the same about work requirements. Our members are in the business of keeping people housed, and the financial health of a property can be severely threatened by even a small increase in turnover. This is especially true for affordable housing providers that, as mentioned above, operate under significant funding and regulatory constraints. If local PHAs impose additional program stipulations on assisted families, this could threaten the revenue stream of an entire rental community.

Further, the Proposed Rule allows different PHAs to implement their own term limits and opt-in to different term limits for the various housing programs that they administer. This could make the administrative burden to track individual households' compliance unworkable for on-site teams and introduce financial risk from terminations of tenancy and turnover costs that could increase substantially.

With such potential variation, the reliability and predictability of federal housing programs that NAA and NMHC members value would be diminished, and participation could decline. The result would be fewer affordable housing options for renters nationwide.

III. Conclusion

NAA and NMHC appreciate the opportunity to provide comments on the Proposed Rule, which would create new options for PBRA housing providers to tailor work requirements and term limits to the needs of their communities. These same flexibilities present potential challenges for all owner-participants of HUD housing assistance programs when granted to PHAs. We stand ready to work with HUD on our shared goal of increasing affordable housing options for the nation's renters.

Thank you for considering our views.

Sincerely,

National Apartment Association

National Multifamily Housing Council