



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR parts 5, 960, 982, and 983

[Docket No. FR-6520-P-01]

RIN 2501-AE15

Establishing Flexibility for Implementation of Work Requirements and Term Limits

AGENCY: Office of the Secretary, U.S. Department of Housing and Urban Development (HUD).

ACTION: Notice of proposed rulemaking.

SUMMARY: This proposed rule would amend HUD regulations to provide Public Housing Agencies (PHAs) and certain Multifamily Housing Owners (Owners) with the option to implement work requirements for work-eligible adults and term limits for non-elderly, non-disabled families residing in public housing or receiving assistance through Housing Choice Vouchers (HCV), Project-Based Vouchers (PBV), or Project-Based Rental Assistance (PBRA). This proposed rule is necessary to further the statutory goals of the public housing, HCV, PBV, and PBRA programs to provide maximum local flexibility for PHAs, promote self-sufficiency for residents, promote economically mixed housing in the PBRA program, and address the affordable housing shortage.

DATES: *Comment due date:* **[INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].**

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule. There are two methods for submitting public comments. All submissions must refer to the above docket number and title. To receive consideration as public comments, comments must be submitted through one of the two methods specified below.

1. Electronic Submission of Comments. Interested persons may submit comments

electronically through the Federal eRulemaking Portal at www.regulations.gov.

2. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, U.S. Department of Housing and Urban-Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

FOR FURTHER INFORMATION CONTACT:

Public Housing and Voucher programs: Todd Thomas, Acting Deputy Assistant Secretary for Public Housing and Voucher Programs, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20011; telephone number 202-731-1442 (this is not a toll-free number).

Multifamily Housing programs: Jennifer Larson, Director, Office of Multifamily Asset Management and Portfolio Oversight, Office of Multifamily Housing Programs, Department of Housing and Urban Development, 451 7th Street, SW, Room 6162, Washington, DC 20410; telephone number (202) 402-7769 (this is not a toll-free number).

HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as from individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION:

I. Background

The United States Housing Act of 1937 (Pub. L. 75-412, 50 Stat. 588, 42 U.S.C. 1437 *et seq.*) (the 1937 Act) authorizes housing assistance to aid lower-income families in affording decent, safe, and sanitary housing through public housing, the Housing Choice Voucher (HCV) program, the Project-Based Voucher (PBV) program, and the Project-Based Rental Assistance (PBRA) program. The public housing, HCV, PBV, and PBRA programs are the Federal

government's major efforts for assisting low-income, very low-income, and extremely low-income families to afford decent, safe, and sanitary housing.

A. Public Housing Program

Families in public housing lease a unit owned by a public housing agency (PHA) and generally pay rent based on their income. There are approximately 793,000 households living in public housing units managed by 2,700 PHAs. HUD administers Federal aid to local PHAs to manage public housing properties for low-income residents at rents they can afford. Under the terms of their contracts with HUD, PHAs agree to manage their properties subject to Federal program rules, and in return, HUD supplements the rents paid to PHAs with Federal funding to support the ongoing operation, maintenance, and modernization of public housing properties. HUD furnishes oversight and technical assistance in planning, developing, and managing these developments.

B. The HCV and PBV Programs

More than 2.3 million families use HCVs to rent housing from landlords on the private market. In the HCV program, PHAs pay a housing subsidy directly to the landlord on behalf of a participating family and the family pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. HCV participants choose where to use a voucher, but they must live in housing units that meet the requirements of the program as determined by the PHA.

Section 545 of the Quality Housing and Work Responsibility Act of 1998 (Pub L. 105-276, 112 Stat. 2596, approved October 21, 1998) authorized the Project-Based Voucher (PBV) program.¹ As currently structured, PHAs may use up to twenty percent of their authorized HCV units towards project-based vouchers, with exceptions to the cap. 42 U.S.C. 1437f(o)(13)(B). In

¹ Under QHWRA, a public housing agency (PHA), as defined under section 3(b)(6) of the U.S. Housing Act of 1937, 42 U.S.C. 1437a(b)(6), has the option to use a portion of its available tenant-based voucher funds for project-based rental assistance. The project-based voucher law replaced an authority for project-based rental assistance in the former Section 8 certificate program. In 2000, Congress substantially revised the project-based voucher law through the Fiscal Year 2001 Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act (Pub. L. 106-377, 114 Stat. 1441, approved October 27, 2000).

the PBV program, PHAs enter into long-term contracts with property owners for specific units, either existing units or units that will be rehabilitated or newly constructed in accordance with applicable requirements. Unlike tenant-based HCV assistance, PBV assistance is linked to a specific unit, rather than to an individual household. This means that if a household moves out of a PBV unit, the assistance does not go with them. However, families have certain rights to move with continued HCV assistance. More than 300,000 units are leased through the PBV program.

C. Project-Based Rental Assistance Program

Approximately 1.3 million units are assisted under the Project-Based Rental Assistance (PBRA) program. First authorized in the Housing and Community Development Act of 1974 (title II of Pub. L. 81–248, 88 Stat. 633, approved August 22, 1974), the program built upon decades of experimentation with federal programs that leveraged the participation of private-sector owners in delivering affordable rental housing to low-income families. The PBRA program operates through long-term Housing Assistance Payment (HAP) contracts between HUD and individual Owners. These contracts became eligible for renewal with the enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (title v of Pub. L. 105–65, 111 Stat. 1384, approved October 27, 1997).

Assistance under PBRA is tied to units. Families residing in such units pay an income-based rent, and HUD pays rental assistance to each Owner under the terms of the HAP Contract. This HUD rental assistance makes up the difference between the family's rental payment and the market-based contract rent for the unit. While PHAs can own housing assisted under a PBRA HAP contract, most participating Owners are private entities, either for-profit or not-for profit.

D. The MTW Demonstration

The Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134, 110 Stat. 1321, approved April 25, 1996, codified at 42 U.S.C. 1437f note) created the Moving to Work (MTW) demonstration. Section 204(a) of the Act provided certain PHAs administering the public housing and the Housing Choice Voucher programs (called MTW

PHAs for the purpose of this proposed rule) with an opportunity to design and test various approaches to provide incentives to individuals to engage in work, to seek work, or to engage in activities aimed at obtaining work. Through the MTW demonstration, several MTW PHAs have implemented work requirements as well as term limits. PBRA Owners are ineligible to participate in the MTW demonstration, and PHAs that own PBRA-assisted housing may not include tenants of such housing in their MTW activities.

II. Justification

A. Maximize Flexibility to Encourage Self-Sufficiency in Accordance with Statute and Federal Policy

The 1937 Act, as amended, directs HUD to provide PHAs that perform well with the maximum amount of flexibility in program administration. 42 U.S.C. 1437(a)(1)(C). To fulfill this statutory mandate, this proposed rule would permit non-MTW PHAs that perform well to tailor their housing assistance programs to their local context by implementing various forms of work requirements or term limits. For the purpose of this proposed rule, HUD considers PHAs to be performing well if they are not in receivership and are not designated as a troubled performer under the Public Housing Assessment System (PHAS), Section Eight Management Assessment Program (SEMAP), or Small Rural PHA Assessment, as applicable. PHAs that are designated as troubled performers under any of these assessments would not be permitted to adopt work requirements or term limits.² To further fulfill this statutory mandate, an Owner of a well-performing PBRA project, which HUD considers to be a project that is not in default of its

² Under the Public Housing Assessment System, HUD designates a PHA as Troubled when it receives an overall PHAS score of below 60, or when it receives less than 50 percent of points available under the Capital Fund program indicator. PHAS scores are usually issued on an annual basis. Under this scoring system, there are 106 Troubled PHAs out of 2491 based on a June 2024 PHAS-NASS assessment. This excludes RAD and MTW PHAs.

Under SEMAP, HUD designates a PHA as Troubled when it receives an overall SEMAP score below 60 points. Scores are generally issued on an annual basis tied to the PHA's fiscal year, however PHAs designated as small submit less frequently.

Approximately four percent of PHAs received a designation of Troubled on their most recent PHAS assessment, according to a June 2024 report on HUD's website. According to HUD administrative data in IMS/PIC, 6.78% (146) of PHAs received a designation of Troubled on their most recent SEMAP assessment.

Section 8 project-based rental assistance HAP contract, may implement work requirements or term limits. If a PHA becomes troubled after it has adopted work requirements or term limits, HUD would work with PHAs during the recovery process to determine whether such policies could stay in place. If an Owner enters into default of the HAP contract after adopting work requirements or term limits, HUD would work with the Owner to determine whether such policies could stay in place.

The 1937 Act is also designed to promote policies that encourage families to move toward self-sufficiency. Section 3 of the 1937 Act articulates the income targeting requirements for public housing occupancy and rental structures available to PHAs and residents.³ This section of the 1937 Act further specifies that the rental policies developed by each PHA must encourage and reward employment and economic self-sufficiency. 42 U.S.C. 1437a(a)(2)(D).⁴ Under section 12 of the 1937 Act, most non-exempt adult residents of public housing (not HCV, PBV, or PBRA) are required to complete community service or participate in an economic self-sufficiency program in order to remain eligible for housing. 42 U.S.C. 1437j(c)(1).

The current HUD policy has disincentivized employment and economic self-sufficiency. In 2024, approximately 43 percent of non-elderly, non-disabled households not composed of a single adult with at least one child under six receiving taxpayer-funded housing assistance through HUD did not have a single household member with wage income.⁵

³ The work-requirement policies that PHAs could adopt relate to continued occupancy requirements, so they would not conflict with income targeting requirements at admission in Public Housing (42 U.S.C. 1437n(a)(2)) and the HCV program (42 U.S.C. 1437n(b)(1)). PHAs would also be required to continue to operate existing statutory rent structures for residents. 42 U.S.C. 1437a(a), 1437f(o).

⁴ The Family Self-Sufficiency (FSS) program is one way in which HUD has operationalized this requirement to encourage self-sufficiency. See Freedman, S., Verma, N., et al. (2023). *Final Report on Program Effects and Lessons from the Family Self-Sufficiency Program Evaluation*. Prepared for U.S. Department of Housing and Urban Development. Available at: <https://www.huduser.gov/portal/sites/default/files/pdf/program-effects-fss.pdf>.

⁵ This information is primarily drawn from HUD's 2024 data in its Inventory Management System (IMS) /Public Housing Information Center, which collects data from PHAs on certain HUD administered programs. The data is also drawn from HUD's Tenant Rental Assistance Certification System (TRACS), which similarly collects data.

Some research demonstrates that receiving government housing assistance has disincentivized households to work.⁶ In 2012, economists with the University of Chicago and the University of Michigan evaluated the impact of HUD housing choice vouchers on adult employment, utilizing a random lottery in Chicago to allocate vouchers.⁷ They found that voucher use for working-age, able-bodied adults corresponded to a 6 percent reduction in their labor-force participation and a 10 percent decrease in earnings.⁸

Two randomized controlled trials funded by HUD provide additional evidence that housing choice vouchers are associated with a reduction in employment during the first two years of participation in the program. In a 2006 study, HUD found that employment fell in the first year by between 5 and 8 percent among Temporary Assistance for Needy Families (TANF) recipients, also when comparing housing choice voucher recipients, to similar families not receiving a voucher.⁹ In a 2016 study, completed in 2016, HUD surveyed homeless families who were randomly assigned to compare those receiving a permanent HUD housing subsidy typically an HCV versus usual care, which represents the assistance that people would normally access on their own from shelter in the absence of these other interventions.¹⁰ The survey measured the impact of a subsidy on employment and earned income and found evidence of lower rates of employment among those assigned to receive a voucher compared to those receiving usual care. When surveyed 20 months after random assignment, 24 percent of families assigned to receive a

⁶ Jacob, B. A., & Ludwig, J. (2012). The Effects of Housing Assistance on Labor Supply: Evidence from a Voucher Lottery. *American Economic Review*. Volume 102, Number 1, Pages 272-304. The authors define “working age” as younger than 65, and adults were categorized as “able-bodied” if they did not report a disability when applying for a Chicago Housing Authority Corporation voucher.

⁷ *Id.*

⁸ *Id.*

⁹ Mills, G., Gubits, D., et al. (2006). *Effects of Housing Vouchers on Welfare Families*. Prepared for U.S. Department of Housing and Urban Development. Available at: https://www.huduser.gov/publications/pdf/hsgvouchers_1_2011.pdf. The authors did not find that vouchers had a significant impact on employment after 3.5 years.

¹⁰ Gubits, D., Shinn, M., et al. (2015). Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families. Available at: https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudy_final.pdf.

Gubits, D., Shinn, M., et al. (2016). Family Options Study: 3-Year Impacts of Housing and Services Interventions for Homeless Families. Prepared for U.S. Department of Housing and Urban Development. Available at: <https://www.huduser.gov/portal/sites/default/files/pdf/family-options-study-full-report.pdf>.

voucher reported that they worked for pay in the prior week, compared to 29.7 percent of families assigned to usual care (a difference which was statistically significant at a 95 percent confidence interval). When surveyed 37 months after random assignment, families assigned to receive a voucher were no more or less likely to report working for pay in the prior week. However, families assigned to receive a voucher were 6 percentage points less likely than families assigned to usual care to have performed any work for pay since random assignment, and families assigned to receive a voucher worked an average of 1 month less over the course of the 37-month follow-up period than families assigned to usual care.¹¹

The current HUD policy has been characterized by prolonged periods of assistance and dependence on HUD's rental assistance programs by residents. Recent congressional testimony at the House Oversight Committee presented new research indicating that 81 percent of current public housing and voucher recipients, not counting the elderly and disabled, will spend more than five years in subsidized housing.¹² According to the data, 65 percent of current public housing and voucher recipients will spend more than 10 years in subsidized housing, and 50 percent more than 15 years.¹³ These numbers are greater for the voucher program where over 87 percent of current voucher holders will likely spend more than 5 years on assistance, over 73 percent more than 10 years, and nearly 60 percent more than 15 years.¹⁴ The average length of tenure at the time of program exit has increased for non-elderly and non-disabled families residing in public housing or receiving voucher assistance. Between 2010 and 2024, the average length of stay for non-elderly, non-disabled families in non-MTW PHAs increased by 2.3 years

¹¹ Gubits, D., Shinn, M., et al. (2015). Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families. Prepared for U.S. Department of Housing and Urban Development. Available at: https://www.huduser.gov/portal/sites/default/files/pdf/FamilyOptionsStudy_final.pdf. Gubits, D., Shinn, M., et al. (2016). Family Options Study: 3-Year Impacts of Housing and Services Interventions for Homeless Families. Prepared for U.S. Department of Housing and Urban Development. Available at: <https://www.huduser.gov/portal/sites/default/files/pdf/family-options-study-full-report.pdf>.

¹² Husock, Howard. 2025. Encouraging Upward Mobility From Subsidized Housing. Written Testimony to the United States House Committee on Oversight and Government Reform Subcommittee on Health Care and Financial Services. May 7, 2025. Available at: <https://oversight.house.gov/wp-content/uploads/2025/05/Husock-Written-Testimony.pdf>

¹³ *Id.*

¹⁴ *Id.*

in the HCV Program from 5.4 years to 7.7 years and 2 years in public housing from 6.6 years to 8.6 years.¹⁵

Currently, only MTW agencies have the local flexibility to implement work requirements and term limits as part of their efforts to encourage and reward employment and economic self-sufficiency while non-MTW PHAs and Owners currently do not. This proposed rule would provide non-MTW PHAs and Owners the option to implement work requirement and term limit policies for their public housing, HCV, PBV, or PBRA programs, based on their local needs and priorities and to promote employment and reward self-sufficiency. Providing this choice to non-MTW PHAs and Owners furthers HUD's statutory mandate to maximize flexibility in program administration for successful programs as well as encourage and reward employment and economic self-sufficiency.

B. Address the Shortage of Affordable Housing in Accordance with Statute

Section 2 of the 1937 Act provides that it is the policy of the United States “to assist States and political subdivisions of States to address the shortage of housing affordable to low-income families.” 42 U.S.C. 1437(a)(1)(B). The proposed rule is necessary to carry out this statutory function because PHAs and Owners must be vested with discretion to implement policies that more effectively leverage limited resources for assisted housing to address the shortage of affordable housing. To the extent that work requirements and term limits encourage economic self-sufficiency, such policies would increase the number of families a PHA or Owner is able to serve over the long term.

Approximately 4.4 million families benefited from the public housing, HCV, PBV, and PBRA programs in 2024.¹⁶ Under HUD's current policies, these income-eligible families who

¹⁵ This information is primarily drawn from HUD's 2024 data in its Inventory Management System (IMS) /Public Housing Information Center, which collects data from PHAs on certain HUD administered programs. The data is also drawn from HUD's Tenant Rental Assistance Certification System (TRACS), which similarly collects data. The average length of stay for non-elderly, non-disabled families in MTW PHAs decreased 5.7 years in the HCV program between 2010 and 2024 (from 19.2 years to 13.5 years) and increased 1.4 years in public housing (from 7.6 to 9) during the same period.

¹⁶ Picture of Subsidized Households, available at: <https://www.huduser.gov/portal/datasets/assthsg.html>.

reside in public housing or receive voucher assistance may remain in the program indefinitely,¹⁷ while other eligible families remain on waiting lists for years.¹⁸ Only 1 in 4 eligible families receive HUD rental assistance.¹⁹ As noted earlier, the average tenure has increased for both public housing residents and voucher tenants with the result being that other income-eligible families who could benefit from HUD-assisted housing have seen time on waiting lists grow.²⁰

This proposed rule would provide an important tool for PHAs and Owners to manage local demand for limited housing assistance resources. By choosing to implement work requirements and term limits, PHAs and Owners can help residents reach self-sufficiency and move out of HUD-assisted housing, making housing available for other eligible families awaiting assistance.

C. Support Income Diversity in Section 8 PBRA Housing

Congress authorized the Section 8 PBRA program to aid low-income families in obtaining a decent place to live and to promote economically mixed housing.²¹ HUD's Section 8 PBRA tenant data show that, as of the end of June 2025, only 1 in 5 households had income from wages.²² The proposed policies advance HUD's statutory directives to promote economically mixed housing by allowing owners to direct limited housing assistance resources to tenant

¹⁷ For the HCV and PBV programs, assistance will end six months after the family's tenant portion is more than the gross rent, i.e. there is no Housing Assistance Payment needed (24 CFR 982.455, 24 CFR 983.211(a)). FUP-eligible youth under Section 8(x) of the U.S. Housing Act of 1937 have a statutory time limit of 36 months. 42 U.S.C. 1437f(x). The Fostering Stable Housing Opportunities (FSHO) amendments, enacted as section 103 of division Q of the Consolidated Appropriations Act, 2021 on December 27, 2020 (Pub. L. 116-260), provides an extension of the assistance provided to eligible youth for up to 24 months beyond the 36-month time limit of assistance if certain conditions are met.

¹⁸ See, for example, Acosta, S. & Gartland, E. (2021). Families Wait Years for Housing Vouchers Due to Inadequate Funding. Center on Budget and Policy Priorities. July 22, 2021. Available at:

<https://www.cbpp.org/research/housing/families-wait-years-for-housing-vouchers-due-to-inadequate-funding>.

¹⁹ Gartland, E. 2022. Chart Book: Funding Limitations Create Widespread Unmet Need for Rental Assistance. Center on Budget and Policy Priorities. February 15, 2022. Available at:

<https://www.cbpp.org/research/housing/funding-limitations-create-widespread-unmet-need-for-rental-assistance>. See also Poethig, Erika C. 2014. One in Four: America's Housing Assistance Lottery. Urban Institute. May 28, 2014. Available at: <https://www.urban.org/urban-wire/one-four-americas-housing-assistance-lottery>

²⁰ HUD's analysis indicates that the average time on a waiting list for families who are admitted has increased in Public Housing from 15 months in 2000 to 19 months in 2024, and in the HCV Program from 26 months in 2000 to 29 months in 2024. See the Picture of Subsidized Households, available at <https://www.huduser.gov/portal/datasets/asstshg.html>.

²¹ 42 U.S.C. 1437f(a).

²² Tenant_Characteristics_Rpt_06302025.pdf

families and individuals who are actively working towards economic upward mobility. These policies therefore promote more balanced communities with a healthy mix of workers, active job seekers, work trainees, students, people serving their communities, etc. in addition to tenants who are exempt from work activities.

D. Responsiveness to State Efforts

This proposed rule would enable PHAs in States with work requirements, term limits, or both to comply with and integrate both Federal and State law within their jurisdiction. It offers PHAs in States exploring similar policies, and alignment between welfare programs, the necessary clarity needed to implement their initiatives.

Two States have sought to establish statewide policies that would further self-sufficiency. For example, section 14-169-109 of the Arkansas Code requires PHAs in the State to implement a twenty hour per week work requirement for able-bodied residents as a condition of the PHA's charter. Additionally, Wisconsin law requires that PHAs must create employability plans and mandate participation for residents in compliance with Federal law.²³ PHAs throughout both States have expressed confusion about how they may implement State requirements while remaining in compliance with Federal law . Through this proposed rule, HUD would provide clarity and guidance for the more than 200 PHAs impacted in these States.

HUD has received several PHA requests seeking approval to implement a work requirement of at least 20 hours per week for non-elderly and non-disabled residents throughout the years. HUD also has received constituent inquiries imploring the Department to consider instituting term limits to both incentivize self-sufficiency and make scarce affordable housing resources available to families on wait lists.

E. Evidence from MTW Demonstration Related to Work Requirements

The statute that created the MTW program also organized it around three statutory objectives: achieve greater cost effectiveness in the expenditure of Federal funds, help residents

²³ State of Wisconsin. "Employability Plans for Public Housing Residents." *Wisconsin Statutes*, § 16.314

achieve self-sufficiency, and increase housing choice for low-income families. The 138 PHAs currently participating in the MTW program utilize MTW flexibility in a variety of ways to address local needs while furthering one or more of these MTW statutory objectives.

With regard to work requirements and term limits, the MTW PHAs originally selected under the 1996 MTW statute and the MTW PHAs added through subsequent statutes can and have implemented work requirements and term limits. They have done so through the MTW flexibilities available in their individual standard MTW Agreements in furtherance of the MTW statutory objectives of cost effectiveness and self-sufficiency. HUD opted to also provide flexibility for MTW PHAs selected under the 2016 MTW expansion statute to implement work requirements and term limits through the publication of the MTW Operations Notice (MTW Operations Notice, Appendix I). The MTW Operations Notice provides MTW PHAs selected under the 2016 MTW expansion statute the ability to implement work requirements and term limits within specified safe harbors. These safe harbors were informed by the experience of prior MTW PHAs already conducting similar activities.

This proposed rule would take the same approach and would provide non-MTW PHAs with the regulatory flexibility, within existing statutory constraints, to implement work requirements for work-eligible adults and term limits for non-elderly, non-disabled families participating in the public housing, HCV, and PBV programs. The proposed rule would further provide Owners with flexibility to implement work requirements for work-eligible adults and term limits for families receiving PBRA.

A HUD-published report on work requirements in the MTW program details that of the 39 MTW PHAs selected under the 1996 MTW Statute, nine implemented a work requirement policy.²⁴ All nine of these agencies implemented a policy requiring all work-able adults, between

²⁴ Nisar, Hiren. 2022. A Review of Work Requirement Policies in HUD-Funded Assisted Housing. Available for download at: <https://www.huduser.gov/portal//portal/sites/default/files/pdf/A-Review-of-Work-Requirement-Policies.pdf>

the ages of 18 and 54 or 61, to work at least a certain number of hours per week. The number of hours required ranged from 15 to 30 per week.²⁵

The studied results of these implemented policies at MTW agencies have shown the effectiveness of work requirements to help encourage work and economic self-sufficiency. For example, the Charlotte Housing Authority implemented a requirement in five of its public housing developments that work-able heads of household work at least 15 hours per week or face sanctions. An in-depth study on the effectiveness of this work requirement found that employment increased significantly among the individuals subject to the work requirements.²⁶ Researchers found that the percentage of households paying minimum rent, which represents a proxy for under-employment or non-employment, decreased relative to the comparison group.²⁷ Further, researchers found no evidence that work requirement sanctions increased evictions, and only modest evidence that enforcement increased the rate of positive move-outs.²⁸ Individuals in this cohort received both on-site case management and support services, although the study does not discuss the cost of services. In another example, the Housing Authority of Champaign County (HACC), an MTW PHA, requires able bodied individuals to work for 25 hours or more per week.²⁹ A University of Illinois study showed that, for the years 2012-2014, “the Local Self-Sufficiency (LSS) program increased the average earnings within a household by \$2,283.”³⁰ This

²⁵ *Id.*

²⁶ Rohe, William. *Work Requirements in Public Housing: Impacts on Tenant Employment and Evictions*. Center for Urban and Regional Studies, University of North Carolina at Chapel Hill. Available for download at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2664223

²⁷ *Id.* In this paper, the researchers explain that at this PHA, households paying minimum rent earn less than \$3,000 annually in total income. Households cease paying minimum rent for several reasons, including gaining employment or beginning to earn benefits such as welfare or disability. The researchers therefore see a decrease in households paying minimum rent as a good proxy for the effectiveness of supportive services and the work requirement.

²⁸ Positive move-outs occur when former CHA tenants move to private market housing, while negative move-outs refer to evictions that occur after failure to pay rent or violating lease terms. Negative move outs also refer to the assisted individual or tenant moving without notice.

²⁹ Housing Authority of Champaign County. 2017. *Moving to Work Year 7 Annual Report*. Available at: <https://www.hud.gov/sites/dfiles/PIH/documents/ChampaignFY17Report.pdf>

³⁰ Mcnamara, Paul. 2017. *Promoting Economic Self-Sufficiency via HUD's Moving to Work Program: Evidence from the Housing Authority of Champaign County*. Illinois Municipal Policy Journal. December 2017. Available at: <https://las.depaul.edu/centers-and-institutes/chaddick-institute-for-metropolitan-development/research-and-publications/Documents/2017%20IML%20Journal/Promoting%20Economic%20Self-Sufficiency%20via%20HUDs%20Moving%20to%20Work%20Program%20-%20P.%20E.%20McNamara%20Han%20Bum%20Lee%20C.%20Strick.pdf>

increase in average earnings allowed HACC to further stretch federal subsidies to serve an additional 98 LSS-eligible households for a year.³¹ Research on the HACC LSS program also found that between 2011 and 2016 HACC resident income increased an average of 92 percent compared to only a 13 percent increase for a comparison PHA without a work requirement.³²

Other MTW agencies have also reported in their annual MTW Reports positive results from implementing work requirements for work-able adults. For example, the evaluations from the Housing Authority of Champaign County (HACC), the Chicago Housing Authority (CHA), and Lexington-Fayette Urban County Housing Authority (LHA) all suggest their work requirement policies positively affected average household income.³³ The Delaware State Housing Authority (DSHA) also reported in its annual MTW Report that a growing number of households positively moved out of assisted housing and purchased their own homes following implementation of its work requirement.³⁴ All three evaluations were consistent with a case study evaluation of the CHA's work requirement which concluded that average annual household income per person subject to the work requirement increased since CHA's work requirement policy went into effect.³⁵ LHA's evaluation found that engagement in government assistance programs such as TANF decreased from 2017 to 2018.³⁶ At least 22 MTW PHAs have also implemented term limits on housing assistance to promote greater self-sufficiency and ensure a more equal distribution of limited resources. A review of the MTW Plans, MTW Reports and

³¹ Lee, Han and Mcnamara, Paul. 2018. Achieving Economic Self-Sufficiency Through Housing Assistance: An Assessment of a Self-Sufficiency Program of the Housing Authority of Champaign County, Illinois. Housing Policy Debate. September 3, 2018. Available at:

<https://www.tandfonline.com/doi/full/10.1080/10511482.2018.1474123#abstract>

³² Mcnamara, Paul. 2017. *Promoting Economic Self-Sufficiency via HUD's Moving to Work Program: Evidence from the Housing Authority of Champaign County*. Illinois Municipal Policy Journal. December 2017.

³³ Nisar, Hiren. 2022. A Review of Work Requirement Policies in HUD-Funded Assisted Housing. Available for download at: <https://www.huduser.gov/portal//portal/sites/default/files/pdf/A-Review-of-Work-Requirement-Policies.pdf>

³⁴ *Id.*

³⁵ Levy, D. et al., 2019. *Public Housing Work Requirements: Case Study on the Chicago Housing Authority*, Urban Institute. United States of America. Retrieved from <https://policycommons.net/artifacts/630772/public-housing-work-requirements/1612033/> on 21 Jun 2024. CID: 20.500.12592/prsq45.

³⁶ Because the LHA evaluation was summarized from an annual report, it does not provide any multi-year assessment of trends in use of government assistance. Nisar, Hiren. 2022. A Review of Work Requirement Policies in HUD-Funded Assisted Housing. Available for download at: <https://www.huduser.gov/portal//portal/sites/default/files/pdf/A-Review-of-Work-Requirement-Policies.pdf>

MTW Supplements in the MTW program submitted by these PHAs reveals some form of term limit policy, ranging from three to 7 years, for residents receiving housing assistance. In all instances, the term limits applied only to work-eligible families.

MTW agencies have also seen success in helping encourage work and economic self-sufficiency for residents with the implementation of term limits. For example, the Housing Authority of the County of San Bernardino (HACSB) has a five-year term limit called the Term-Limited Lease Assistance (TLA) Program that applies to new non-elderly and non-disabled households admitted to the HCV program from HACSB's waiting list, porting in from another jurisdiction, or exercising mobility from HACSB project-based voucher sites.³⁷ As a result, earned income for families in the TLA program have increased by an average of 31.4 percent during their five years of assistance.³⁸ Further, full-time employment increased by 20 percent and unemployment decreased by over 26 percent.³⁹

III. This Proposed Rule

A. General

HUD proposes to allow PHAs and Owners to require work-eligible adults to engage in work activities for up to 40 hours per week as a condition of continued receipt of HCV,⁴⁰ PBV, or PBRA assistance or continued occupancy in public housing. The proposed rule would also allow PHAs and Owners to establish term limits of no less than two years for non-elderly, non-disabled families, as defined at 24 CFR 5.403, who receive PBRA, HCV, or PBV assistance or reside in public housing. HUD is proposing to permit PHAs and Owners to adopt work requirements of up to 40 hours per week in order to maximize local flexibility. A 40-hour workweek is widely recognized as the standard for full-time employment, and is commonly used

³⁷ Housing Authority of the County of San Bernardino. *2021 Moving to Work Annual Plan*. Retrieved from <https://hacsb.com/wp-content/uploads/2021/06/HACSB-2021-MTW-Annual-Plan-FINAL-Approved.pdf>

³⁸ *Id.* at 50.

³⁹ *Id.*

⁴⁰ Under the HCV program, the work requirements and term limits described herein would only apply so long as the tenant remained under the jurisdiction of a PHA which adopted requirements; a tenant who ports to or from a jurisdiction would be required to follow the work requirement or term limit policies of the receiving PHA.

by employers for wage, benefits, and scheduling purposes. Under the Fair Labor Standards Act (FLSA), a 40-hour threshold serves as the basis for determining eligibility for overtime pay.

Likewise, HUD is proposing to permit PHAs and Owners to set a term limit of no shorter than two years in order to maximize flexibility in the design of their policies. In all cases, PHAs and Owners could establish either or both work requirements and term limits. PHAs and Owners may also implement neither requirement.

B. Definitions

Work-Eligible

HUD proposes to add a definition of work-eligible to existing regulations for the public housing, HCV, PBV, and PBRA programs. HUD proposes to define work-eligible as an assisted family member aged 18 to 61, excluding persons with a disability as defined in 24 CFR 5.403 or a primary caretaker of such individual, or who are pregnant, or who are the primary caretaker for a child under 6 years of age or for temporarily incapacitated individuals, or who are enrolled as a student in an institution of higher education as defined in section 102 of the Higher Education Act of 1965. This definition allows the PHA or Owner to determine the appropriate length of time for student enrollment as it impacts eligibility.

This proposed definition of work-eligible would set forth HUD's baseline requirements for PHAs and Owners. Under the proposed definition, a PHA or Owner would be able to choose to exclude other persons from being considered work-eligible based upon its local needs. For example, a PHA or Owner would be able to choose to set a lower maximum age such as 57 or increase the minimum age to 22 based upon its determination of local needs. However, a PHA or Owner would not be able to set an age below 18 or above 61. Additionally, PHAs and Owners would be able to limit the duration for which a student enrolled in an institution of higher education may be excluded, for example, four years of continuous enrollment, after which time such family member would be considered work-eligible.

Work Activities

HUD is proposing to allow PHAs and Owners to require assisted individuals who are work-eligible to engage in work activities.⁴¹ Under HUD's definition of work activities, which generally mirrors the definition in section 407(d) of the Social Security Act, PHAs and Owners could consider any one of the following sufficient to meet the work requirement:

- (1) Unsubsidized employment;
- (2) Subsidized private sector employment;
- (3) Subsidized public sector employment;
- (4) Work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;
- (5) On-the-job training;
- (6) Job search and job readiness assistance;
- (7) Community service programs;
- (8) Vocational educational training;
- (10) Education directly related to employment, in the case of a recipient who has not received a high school diploma or a certificate of high school equivalency; or satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate.
- (12) The provision of childcare services to an individual who is participating in a community service program.

As listed in section 407(d) of the Social Security Act, HUD considers unsubsidized employment to include an activity that results in earned income as defined in 24 CFR 5.100 or an activity that meets the definition of independent contractor, day laborer, or seasonal worker as

⁴¹ PHAs and Owners may adjust what constitutes a work activity based on local needs.

defined in 24 CFR 5.603(b). PHAs and Owners would be able to identify additional work activities beyond those listed in section 407(d) described above.

A work-eligible adult could be considered self-employed and therefore engaged in work activities under the unsubsidized employment provision if the individual primarily relies on the performance of services in their own enterprise for income. A PHA or Owner would be able to determine whether the individual has met the work requirement, for example, if they have worked the minimum number of hours in self-employment or if they earn weekly wages equal to the Federal minimum wage multiplied by the minimum number of hours in the PHA or Owner's work-requirement policy. PHAs and Owners could consider the following factors to determine if an assisted individual living in public housing or receiving HCV, PBV, or PBRA assistance is self-employed:

(1) The individual makes a profit or suffers a loss.

(2) The individual is hired to complete certain jobs and may be liable for damages if they quit before the job is completed.

(3) The individual works for a number of persons or firms at the same time.

(4) The individual advertises to the general public that they are available to perform services.

(5) The individual pays their own expenses and has their own equipment and workplace.

These factors are drawn from 20 CFR 404.1007, which helps determine whether an individual is self-employed for Social Security purposes.

C. Work Requirements

Forms of Flexibility Under this Proposed Rule

This proposed rule would allow PHAs and Owners to establish work requirements as a condition of continued occupancy in public housing or receipt of HCV, PBV, or PBRA assistance. Specifically, the proposed rule would provide that a PHA not in receivership nor designated as a troubled performer under PHAS, SEMAP, or the small rural PHA assessment

may require work-eligible adults in the assisted family to participate in work activities for a minimum number of hours a week. The proposed rule would provide that an Owner of a Section 8 PBRA property that is not in default of its rental assistance contract and has a current satisfactory management and occupancy review may require work-eligible adults in the assisted family to participate in work activities for a minimum number of hours per week.

PHAs and Owners would be able to specify based on local needs and goals which work-eligible adults of an assisted family are subject to the work requirement. For example, PHAs would be able to indicate that the work requirement applies only to work-eligible heads of household or co-heads of the households including spouses.

PHAs and Owners would be able to specify the number of hours per week a work-eligible adult must engage in work activities, except that a PHA or Owner could not require any individual to participate in work activities for more than 40 hours per week. This proposed rule would set a ceiling of 40 hours per week to provide PHAs and Owners maximum flexibility in the design of work requirement policies. Providing a threshold of 40 hours allows PHAs and Owners maximum current and future flexibilities to align any state increase in work requirement hours above the current SNAP and TANF minimums, while also staying below the FLSA 40-hour workweek standard. PHAs and Owners would be able to require fewer hours per week, but HUD believes it would be unreasonable to require more than 40 hours per week. PHAs and Owners would be able to require that work-eligible adults participate in work activities for a fixed number of hours each week, or that work-eligible adults participate in work activities for a certain number of hours per week on average. The latter would provide flexibility for work-eligible adults whose work schedules may vary. PHAs and Owners would be responsible for verification and enforcement, including how to calculate the average number of hours spent in work activities.

One method that PHAs would be able to use to verify compliance with the work requirements policy is laid out by the Charlotte Housing Authority. The CHA multiplies the

required number of hours by the area minimum wage and verifies compliance based on the amount of earned income documented during annual recertification. This structure alleviates the ongoing burden to track hours and gives families flexibility to comply with the requirement.⁴² This demonstrative example, however, is one of many potential methods that PHAs would be able to use for verification and enforcement of a work requirements policy. Additional examples of reporting requirements in certain MTW agencies are discussed on pages 35-36 in HUD's 2022 publication *A Review of Work Requirement Policies in HUD-Funded Assisted Housing*.⁴³

While HUD proposes to extend significant flexibility to PHAs and Owners to set policies for verifying compliance with work requirements, it recognizes that verifying compliance can, depending on the policies adopted by a PHA or Owner, impose compliance burdens on tenants. HUD seeks comment on whether there are a minimum set of standards it could include in its policy for compliance verification which can satisfactorily facilitate efficient or less burdensome compliance verification and reporting for tenants while protecting significant PHA and Owner flexibility.

PHAs and Owners would be able to apply the work requirement at an individual level or at a family level, allowing the work-eligible adult or adults subject to the requirement to determine how they will divide working hours for the purpose of complying with the work requirement policy. For example, a PHA or Owner may require families with two work-eligible adults to work up to 80 hours per week. If the PHA or Owner elects to apply the work requirement at a family level, they could not set requirements such that any individual would be required to work more than 40 hours per week.

When considering their policies, PHAs and Owners would be able to implement different work requirements in each program, such as a difference between their public housing, HCV,

⁴² HUD's Regulatory Impact Analysis accompanying this rule similarly assumes participating PHAs and Owners will impose a 20 hours per week requirement with annual compliance verification.

⁴³ Nisar, Hiren. 2022. *A Review of Work Requirement Policies in HUD-Funded Assisted Housing*. Available for download at: <https://www.huduser.gov/portal//portal/sites/default/files/pdf/A-Review-of-Work-Requirement-Policies.pdf>

PBRA, and PBV programs, to address local needs and goals. A PHA would be able to establish work requirements for a specific PBV project or public housing development that are different than the requirements applied to another PBV project or public housing development as long as they address local needs and goals in accordance with the statutory and regulatory requirements. However, within a given project, PHAs and Owners would be required to maintain uniform requirements for all applicable tenants.

Similarly, a PHA would be able to apply work requirements to its regular HCV program but have an exemption for one or more of its special purpose voucher types such as an exemption for Mainstream vouchers.⁴⁴ Given its separate operating requirements which waive and alter many of the standard HCV statutes and regulations at 24 CFR 982, HUD has categorically excluded the Department of Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) program from this proposed rule. However, under the HUD-VASH Operating Requirements, if a veteran participating in HUD-VASH has been determined by the Department of Veterans Affairs (VA) as no longer requiring case management, the PHA, in consultation with the VA, would be able to offer the family continued assistance through one of its regular vouchers. Once the family becomes assisted under the regular voucher program, the work requirements could be applied to the family.

Implementation Requirements

Under the proposed rule, a PHA or Owner must follow certain procedures when electing to implement work requirements. Any work requirements policy must be included in the PHA's administrative plan if implemented in the HCV and PBV programs, or in the PHA's admission and continued occupancy policy (ACOP) if implemented in the public housing program, or in the PHA's or Owner's tenant selection plan if implemented for the PBRA program. As the administrative plan and ACOP are supporting documents to the PHA Plan, PHAs must follow the procedures in 24 CFR part 903, including conducting public hearings to discuss the PHA

⁴⁴ Mainstream vouchers are special purpose vouchers for non-elderly persons with disabilities.

Plan, taking public comment, and considering the recommendations of the Resident Advisory Board for any significant amendment or modification to their Annual PHA Plan or 5-Year Plan.⁴⁵ The written policy must at minimum indicate which types of family members are subject to the requirement, what will be determined to be work activity, the required number of hours for work activity, how the PHA or Owner would determine compliance, the consequences of non-compliance, and the hardship policy related to this requirement.

PHAs and Owners would be required to provide a copy of the work requirements policy to all applicants, tenants and resident organizations.⁴⁶ For the HCV and PBV programs, any work requirement policies would be covered in the oral briefing and information packet that PHAs must provide to families upon selection to participate (24 CFR 982.301 and 983.252). For the public housing program, PHAs would provide a copy of the policy to all tenants at the time a new lease is executed and annually at the time of lease renewal. When the policy is adopted, PHAs and Owners would be required to give all participants a minimum written notice of three months prior to a PHA's or Owner's implementation of its work requirements policy. The notice would describe the consequences of non-compliance with the PHA or Owner's policy.

PHAs and Owners would have some flexibility in initially determining whether or not an existing tenant household was work-eligible. HUD anticipates that PHAs and Owners would make the eligibility determination at the family's next annual or interim reexamination or another time as specified by the applicable policies, using existing information provided during the reexamination process.

⁴⁵ HUD does not approve PBRA Owner tenant selection policies and HUD does not require Owners to give notice to existing tenants regarding a new tenant selection policy. However, HUD believes it is good practice for Owners to include a description of the process used to provide notification to applicants on the waiting list and other interested persons (potential applicants) of the implementation of any new or revised tenant selection plan or policies that may affect an application or tenancy.

⁴⁶ A PHA's Public Housing Admissions and Continued Occupancy Policy or HCV Administrative Plan must include discussion of the relevant work requirement or term limit policies, if applicable, but PHAs would not be required to host on a webpage specific information about their work requirements or term limits. Similarly, PBRA owners are not required to post their policies on a webpage, but they must make their tenant selection plans publicly available. HUD does not propose, in this proposed rule, to maintain a public website with information on PHA or Owner requirements associated with this proposed rule.

Consistent with applicable Federal, State, and local lease requirements, PHAs would be required to update their public housing leases as necessary to adopt work requirements authorized by this proposed rule. 24 CFR 966.4(o). This requirement to update leasing documents does not apply to the PHAs establishing work requirement or term limit policies for HCV and PBV programs.

The PHA or Owner would be responsible for ensuring that implemented work requirements do not adversely affect participation in, benefits of, or otherwise discriminate against persons on the basis of race, color, national origin, sex, religion, familial status, disability, or other statutorily protected bases. The PHA's or Owner's programs must be operated in a manner that is consistent with the requirements of nondiscrimination and equal opportunity authorities, and will be accessible to persons with disabilities in accordance with applicable law. As noted elsewhere in this proposal, work requirements must be applied uniformly for the covered project, public housing development, or voucher type and equally enforced for all non-exempted tenants.

Hardship Policy

PHAs and Owners that elect to adopt work-requirements would be required to implement a written policy for determining when the work requirement constitutes a hardship for the assisted family. A hardship determination would allow for exceptions or exemptions from the work requirement. The hardship policy must, at minimum, cover work-eligible adults seeking a determination of disability status, work-eligible adults who are temporarily relocated due to a disaster, and work-eligible adults who are actively trying to comply with the work requirement but are having difficulty finding work or engaging in work activity. PHAs and Owners could retain the flexibility to suspend or relax requirements for all work-eligible adults subject to the requirement during emergencies and periods of economic downturn. The written policy should include information on how to request a hearing for review of denied hardship requests.

Supportive Services for Engaging in Work Activities

Under this proposed rule, PHAs and Owners that elect to adopt a work requirements policy must offer supportive services to assist families with obtaining employment or otherwise engaging in work activities. PHAs and Owners could provide these supportive services directly or coordinate with a partner organization to provide supportive services. Coordination with a partner organization to provide supportive services could involve, for example, making referrals to a local workforce development center or other community service provider. HUD encourages PHAs and Owners to assess the needs of work-eligible adults to determine the types of supports necessary to help work-eligible adults in the family attain and sustain work activities. PHAs and Owners should consider the extent of the local needs, whether the service would aid assisted residents with engaging in work activities, and the feasibility of provision of the services by the PHA, Owner, or associated partners.

Supportive services could be adjusted based on local need and might include, but are not limited to:

(1) Making referrals to a local workforce development center or other community service provider;

(2) Childcare that provides sufficient hours of operation and serves an appropriate range of ages;

(3) Transportation necessary to receive services or commute to their place(s) of employment;

(4) Education, including remedial, completion of high school or attainment of a high school equivalency certificate, or in pursuit of a post-secondary degree or certificate;

(5) Job training, preparation, and counseling; job development and placement and follow-up assistance after job placement;

(6) Substance use treatment and counseling, and health, dental, mental health and health insurance services;

(7) Training in financial literacy, such as training in financial management, financial coaching, asset building, and money management; and

(8) Any other services and resources, including case management, optional services, and specialized services appropriate to assist eligible families to achieve economic independence and self-sufficiency.

HUD notes that it would be an ineligible use of funds for a PHA to expend HCV administrative fees on these services, and similarly PBRA Owners may not expend project funds on providing these services. HUD anticipates providing supplemental guidance on the types of funds which may be used to provide services consistent with the proposal.

HUD does not propose any specific or new monitoring requirement to track PHA or Owner compliance with the provision of supportive services. However, during an audit or compliance monitoring review, a PHA would demonstrate compliance with the requirement to provide supportive services by providing documentation. Similarly, PBRA Owners who elect to implement work activity requirements would need to provide evidence of compliance during a management and occupancy review or similar inquiry. If HUD becomes aware that a PHA that has elected to adopt work requirements but is not providing supportive services, HUD would work with the PHA to come in to compliance with the requirement, which may entail establishing a corrective action plan with the PHA. Similarly, if HUD becomes aware that an Owner has elected to adopt work requirements but is not providing supportive services, it would review the matter on a case by case basis to determine the correct course of HUD action.

D. Term Limits

Forms of Flexibility Under this Proposed Rule

HUD proposes to allow PHAs and Owners to elect to establish a term limit of no less than two years for non-elderly, non-disabled families receiving HCV, PBRA, or PBV assistance or residing in public housing. HUD would require fewer exemptions for applying term limits than the exemptions required for work requirements. For example, unlike HUD's proposed rules

for work requirements, PHAs and Owners could choose to set term limits for households with children under six. However, PHAs and Owners would retain the flexibility to adopt additional exemptions from term limits. While PHAs electing to implement a term limit could not set such a limit for a shorter timeframe than two years, a PHA or Owner would be able to elect to establish a term limit above this minimum allowed threshold of two years.

A PHA's or Owner's decision to establish term limits would need to be prospective in application. That is, the non-elderly, not disabled family would become subject to the term limit policy starting on the date upon which the PHA or Owner's policy on term limits becomes effective. This language means that PHAs and Owners would not be permitted to count toward the term limit the length of time that an assisted family received benefits prior to the effective date of the term limit. For PHAs, the policy's effective date would be the date the PHA begins implementing the policy, after it has been formally adopted into its PHA Plan and at least three months written notice has been provided to all program participants.⁴⁷ For Owners, the policy's effective date would be the date the Owner begins implementing the policy, after it has been established in its tenant selection plan and at least three months written notice has been provided to all program participants.

PHAs would be able to implement different term limits within and between their public housing, HCV, PBRA, and PBV programs to address local needs and goals. One such instance is local demand for a specific PBV project or public housing development, which may necessitate a different term limit than the term limits implemented at another project. Similarly, Owners which operate multiple PBRA properties would be free to implement similar or varied policies across the portfolio, but the policy for each property must be in writing and property-specific. As discussed elsewhere in this proposal, within a covered project the policy must apply to all non-exempted tenants.

⁴⁷ For HCV, the lease is between the owner and the family, so no lease modification would be needed. In public housing, lease modification and execution would be necessary.

HUD notes that the proposed rules do not propose any additional eligibility criteria for admission to the program and consequently families or households which exit housing after hitting a term limit may then reapply for housing assistance. However, the household would have to go through the PHA or Owner's waiting list and selection process in order to be readmitted.

Implementation Requirements

Under the proposed rule, a PHA or Owner would be required to follow certain procedures when electing to implement term limits. An election to establish term limits must be reflected in the PHA's administrative plan and admission and continued occupancy plan for its HCV, PBV, and public housing programs, respectively. Further, these term limits would need to be included in a PHA's submitted 5-year and Annual Plans in accordance with the United States Housing Act of 1937. 42 U.S.C. 1437 *et seq.* Consistent with applicable Federal, State, and local lease requirements, PHAs would be required to update their public housing leases as necessary to adopt term limits authorized by this proposed rule. 24 CFR 966.4(o). This requirement would not apply to the HCV and PBV programs. In the HCV and PBV programs, if a PHA elects to establish term limits, these limits would need to be covered in the PHA oral briefing of a family and the information packet required by 24 CFR 982.301. Owners and PHAs implementing term limits for the PBRA Program would need to include term limits in the PHA's or Owner's tenant selection plan.

When the policy is adopted, all families would need to be given a written notice at least three months prior to a PHA's or Owner's implementation of its term limits policy. When a PHA or Owner determines a family is within 12 months and, again within 6 months of the PHA or Owner's term limit, the PHA or Owner would be required to provide written notice to the family within 30 days of the determination. The notice would state the date upon which the family will reach the PHA or Owner's term limit, the action the PHA or Owner will take, the PHA or Owner's hardship policy, and the family's opportunity for a hearing.

The PHA or Owner would ensure that implemented term limits do not adversely affect participation in, benefits of, or otherwise discriminate against persons on the basis of race, color, national origin, sex, religion, familial status, or disability or other protected bases. The PHA's or Owner's programs must be operated in a manner that is consistent with the requirements of nondiscrimination and equal opportunity authorities, and will be accessible to persons with disabilities in accordance with applicable law. As noted elsewhere in this proposal, term limits must be applied uniformly to all covered units for the project, development or voucher type and equally enforced for all non-exempted tenants.

Supportive Services

PHAs and Owners that elect to adopt a term limit policy would be required to offer supportive services to assist families⁴⁸ with attaining economic independence and self-sufficiency to prepare for the termination of assistance. PHAs and Owners could provide these supportive services directly or coordinate with a partner organization to provide supportive services. Coordination with a partner organization to provide supportive services could involve, for example, making referrals to a local workforce development center or other community service provider. HUD encourages PHAs and Owners to assess the needs of the non-elderly, non-disabled families to determine the types of support necessary to help families prepare for transitioning from assistance. PHAs and Owners should consider the extent of the local needs, whether the service would aid assisted families in transitioning from assistance, and the feasibility of provision of the services by the PHA, Owner, or associated partners.

Supportive services could be adjusted based on local need, and might include, but are not limited to:

(1) Making referrals to a local workforce development center or other community service provider;

⁴⁸ Reasonable accommodations and modifications must be made for persons with disabilities consistent with applicable Federal civil rights and nondiscrimination laws.

- (2) Child care that provides sufficient hours of operation and serves an appropriate range of ages;
- (3) Transportation necessary to receive services or commute to their place(s) of employment;
- (4) Education, including remedial, completion of high school or attainment of a high school equivalency certificate, or in pursuit of a post-secondary degree or certificate;
- (5) Job training, preparation, and counseling; job development and placement and follow-up assistance after job placement;
- (6) Substance use treatment and counseling, and health, dental, mental health and health insurance services;
- (7) Training in financial literacy, such as training in financial management, financial coaching, asset building, and money management; and
- (8) Any other services and resources, including case management, optional services, and specialized services appropriate to assist eligible families to achieve economic independence and self-sufficiency.

Specific Exemptions

HUD is proposing to exempt certain special purpose vouchers from the discretion to establish term limit requirements as they are incompatible with the requirements and objectives of the specified programs. Specifically, HUD is categorically excluding the HUD-VASH program, the Family Unification Program (FUP) when used by youth, and the Foster Youth to Independence (FYI) Program. In addition, a PHA would be able to choose to exempt the HCV Homeownership program from the application of a term limit based on its local needs.

As discussed above, HUD has categorically excluded the HUD-VASH program . However, under the HUD-VASH operating requirements, if a veteran participating in HUD-VASH has been determined by the VA as no longer requiring case management, the PHA, in consultation with the VA, would be able to offer the family continued assistance through one of

its regular vouchers. Once the family becomes assisted under the regular voucher program, the term limits would prospectively apply to the family.

HUD is also categorically excluding the FUP for youth and FYI programs from term limits under this proposed rule. This is because of the term limits on assistance applicable to the FUP youth and FYI programs. Specifically, section 103 of division Q of the Consolidated Appropriations Act, 2021 (Pub. L. 116-260, 134 Stat. 2168) provided that the existing a 36-month term limit could be extended by 24 months if certain conditions are met, for youth participating in the FUP or FYI programs. As a result, PHAs would not be able to adopt term limits for FUP for Youth or FYI under this proposed rule.

A PHA administering the HCV Homeownership program would be able to choose to exempt the program from a term limit since there is already a regulatory limit to HCV Homeownership assistance at 24 CFR 982.634, and terminating assistance prior to the regulatory limit may cause families to go into foreclosure.

E. Enforcement

A PHA or Owner that chooses to implement work requirements, term limits, or both, would be responsible for verification and enforcement. A PHA or Owner must be able to determine a work-eligible adult's compliance with the work requirement policies through the regular recertification process, which must be done not less than annually. A PHA or Owner that adopts a term limit would be responsible for tracking how long the family has received assistance from the PHA or Owner. In this proposed rule, HUD would provide PHAs and Owners flexibility to decide the method to ensure tenant compliance. A PHA or Owner may require reporting more frequently than the annual recertification process. This may include monthly or weekly reporting. A PHA or Owner may also decide the level of evidence or documentation required to satisfy the reporting requirement. As previously noted, HUD seeks comment on whether it should set minimum standards on compliance verification and reporting requirements, such as setting a maximum frequency for reporting or specific forms of evidence

tenants may provide to a PHA or Owner to demonstrate compliance with the work requirement policy.

Similarly, HUD proposes to provide flexibility to PHAs and Owners for setting policies for tenants who shift between being work-eligible or covered under a term limit and exempted for a work requirement or term limit. For example, a PHA or Owner may choose to set a policy of requiring the tenant to notify and provide evidence when they are no longer work-eligible or else continue to be subject to work-requirement rules. Similarly, a PHA or Owner may choose to develop their own policy for tracking the length of time receiving housing assistance for tenants who cycle between being covered under a term limit and being exempted.

A PHA or Owner would be able to terminate program assistance to a resident who fails to comply with the PHA or Owner's implemented work requirements or for a family who has exceeded the term limit. Termination of assistance for noncompliance with a requirement must be consistently applied to all households subject to such requirements, meaning that a PHA or owner may not selectively enforce the termination of assistance or eviction for non-compliant households. Termination of assistance would be subject to standard termination procedures.

24 CFR part 247, 24 CFR 966.4, 24 CFR 982.552 and 24 CFR 982.555.

F. Severability

HUD is proposing to provide PHAs and Owners with the authority to implement work requirements for work-eligible adults and term limits for non-elderly, non-disabled families participating in the public housing program, the HCV program, the PBRA program, and the PBV program. Under the proposed rule, PHAs and Owners would be able to elect to establish either or both work requirements and term limits. PHAs and Owners would be able to elect to not implement either policy. As HUD is proposing to provide PHAs and Owners with the option to implement both policies, one policy, or to not implement either policy, the provisions of the proposed rule can and are intended to operate independently of one another. In the event that either the work requirements or term limit provisions this rule are declared invalid or stayed, it is

HUD's intent that the provisions contained within would be severable and that the provisions unaffected by an adverse action would remain valid. HUD further concludes it would separately adopt all of the provisions in this rule through separate rulemaking if provisions would be declared invalid or stayed.

While HUD is drafting portions of this proposed rule based on its experience operating the MTW demonstration, the MTW demonstrations operate independently from work requirements and term limits that PHAs could implement under this proposed rule. It is HUD's intent that MTW demonstrations remain unaffected by any adverse action on this rule.

IV. Findings and Certifications

Regulatory Review – Executive Order 12866

Under Executive Order 12866 (Regulatory Planning and Review), a determination must be made whether a regulatory action is significant and, therefore, subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the executive order. Executive Order 14219 (Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative) reinforces that directive and instructs agencies "to follow the processes set out in Executive Order 12866 for submitting regulations for review by OIRA." Executive Order 13563 (Improving Regulations and Regulatory Review) directs executive agencies to analyze regulations that are "outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned." Executive Order 13563 also directs that, where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, agencies are to identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public.

The proposed rule would provide PHAs and certain Multifamily Housing Owners with clearer authority to implement work requirements and term limits for certain housing programs – public housing, HCV, PBV, and PBRA – administered by HUD. Under the proposed rule, PHAs

and Owners would be able to elect work requirements or term limits, both policies, or neither. With respect to work requirements, PHAs would have flexibility to administer a work requirement to ensure that administrative burden is limited on both the PHA staff and assisted households including in the process they would use to verify and determine compliance.

With respect to annualized aggregate costs, HUD expects PHAs, PBRA Owners, HCV landlords, and households exiting assistance to incur various costs such as implementation costs, administrative costs, unit turnover costs, and moving costs, due to the policies. The annualized aggregate cost of these categories ranges from \$2.7 million to \$55.3 million.⁴⁹ The variance reflects that the costs to PHAs, Owners, HCV landlords, and households exiting assistance are dependent on the specifics of the implemented work requirements or term limits.

With respect to annualized benefits, HUD expects work requirements and, to a lesser extent, term limits, to benefit the economy by correcting the labor supply distortion introduced by an income-based subsidized rent. Specifically, the increased labor force participation by tenants who would otherwise not be employed or may be underemployed would create benefits from \$30.9 million to \$129.5 million annually. Similar to costs, the variance in benefits reflects that the realized benefits depend on the specific implemented work requirements or term limits.

With respect to transfers,⁵⁰ HUD expects the annual aggregate transfers to range from \$65.3 million to \$265 million. The transfers from assisted tenants to otherwise unassisted low-income households or the United States Treasury range from \$53.7 million to \$214.9 million. The transfers from assisted individuals who leave assisted housing as a result of a term limit would range from \$11.5 million to \$50.5 million. Similar to the costs and benefits, the variance in transfers reflects that the transfers depend on the specifics of the implemented policies.

⁴⁹ The bulk of these costs are attributable to administrative costs, which may be defrayed by the PHAs and Owners based on the details of their program and unit turnover costs in the HCV program.

⁵⁰ A tenant will likely pay more rent when their income increases as a result from working. This rent would be used to offset federal subsidies received transfer to unassisted households, go back into the assisted housing program, or remitted to the United States Treasury. The movement of the money in these cases is considered a transfer.

With respect to increased tenant income, HUD expects that the total increase in tenant income from working ranges from \$125 million per year in the low adoption scenario to \$501 million per year in the high adoption scenario. These numbers account for the increase in tenant rent payments. Furthermore, the average household with an employed member would experience an after-rent income increase of \$16,000 per year.⁵¹

Based on the aforementioned analysis, the proposed rule has been determined to be a “significant regulatory action,” as defined in section 3(f) of Executive Order 12866 and economically significant under section 3(f)(1) of the Order. The docket file is available for public inspection online at www.regulations.gov.

Regulatory Costs – Executive Order 14192

Executive Order 14192, entitled “Unleashing Prosperity Through Deregulation,” was issued on January 31, 2025. Section 3(a) of Executive Order 14192 provides that “whenever an executive department or agency (agency) publicly proposes for notice and comment or otherwise promulgates a new regulation, it shall identify at least ten existing regulations to be repealed.”

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601) requires an agency to conduct a regulatory flexibility analysis of a rule subject to notice and comment rulemaking requirements unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. The rule will not have a significant economic impact on a substantial number of small entities such as small PHAs and Owners because small entities may opt to not adopt work requirements or term limits if they perceive the costs to be unacceptable.⁵² The effects of this proposed rule will not have a significant economic impact because the changes can be implemented at the discretion of the PHAs and Owners themselves. In addition,

⁵¹ This estimate of increased income does not include other impacts on tenants such as forgone non-work time and any other costs associated with work. The net impact on an affected household would equal the increase in earnings minus costs.

⁵² The PHAs and owners that incur the costs would only do so if they perceive benefits from enacting the policies that outweigh the costs.

the implementation and administrative costs to PHAs and Owners are not regulatory costs insofar as the costs are not required to fully participate in the public housing, HCV, or PBRA programs. Therefore, these revisions do not impose a significant economic impact on a substantial number of small entities. The undersigned therefore certifies this proposed rule would not have a significant impact on a substantial number of small entities.

Although this rule would not directly impose regulatory costs on small entities because small entities such as small PHAs⁵³ have the discretion to design their own policy or to opt to not adopt any policy based on HUD's policies, it is possible that State laws will require small PHAs to adopt work requirements or term limits. While this possibility exists, HUD does not foresee the possibility of State laws forcing small entities to adopt work requirements or term limits at this time.

Executive Order 13132, Federalism

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on State and local governments or is not required by statute, or the rule preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This final rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments nor preempt State law within the meaning of the Executive Order.

Environmental Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The

⁵³ HUD has defined "small PHAs" for the purpose of reducing regulatory burden as those with fewer than 250 assisted units. 24 CFR 985.105(a)(2) and 24 CFR 75.5. By this definition, approximately 2,100 PHAs (58 percent of all PHAs) are small entities. These small PHAs administer housing assistance to six percent of active public housing and HCV families.

FONSI is available through the docket file at <https://www.regulations.gov>. The FONSI is also available for public inspection during regular business hours in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, you must schedule an appointment in advance to review the FONSI by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

Unfunded Mandate Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and Tribal governments, and on the private sector. This rule would not impose any Federal mandates on any State, local, or Tribal governments, or on the private sector, within the meaning of the UMRA.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid Office of Management and Budget (OMB) control number. The information collection requirements were previously approved by OMB under the Paperwork Reduction Act and assigned OMB control numbers 2577-0006, 2577-0083, and 2502-0204.

The proposed rule would require PHAs that choose to adopt a work requirements policy or a term limit policy to revise their PHA plans, which will include soliciting public comment

and comment from resident advisory boards on new policies. PHAs and owners that adopt such a policy must offer supportive services, so the policy development process may include communication with partner organizations. PHAs must also revise public housing leases one time so they include the relevant provisions related to lease termination. 24 CFR 966.4(o). Additionally, PHAs are required under 24 CFR 966.3 to provide tenants with a one-time notice about the revisions in the lease. PHAs administering the Housing Choice Voucher program must revise information packets described in 24 CFR 982.301(b) with information about such a policy. HUD will revise the Multifamily Housing Section 8 Model Lease to include a lease termination provision which may be struck by Owners who do not elect to adopt a work requirements or a term limit policy. The proposed rule would require PHAs and Owners to provide applicants and tenants with a one-time notice about the effective date of an adopted policy.

The proposed rule would require PHAs and Owners that choose to adopt a work requirements policy to verify compliance at least annually. If incorporated into the regular recertification process, this will not alter the average burden hours per response during reexaminations, since that process already requires verification of earned income. Thus, the initial reporting and recordkeeping burden estimate reflects the time required to develop a policy, solicit public comment, communicate as needed with partner organizations, update policy documents, and provide required notices to families.

Drawing on patterns of adoption of work requirements policies among PHAs in the MTW Demonstration, HUD estimates that approximately 750 PHAs and 3,504 Owners will adopt a work requirements or term limits policy. The burden of the information collection in this proposed rule is estimated as follows:

Tabulation of One-Time Reporting and Recordkeeping Burden

Information collection	Number of respondents	Frequency of response	Burden hour per response	Total burden hours	Hourly cost per response	Total cost

Public Housing Agencies	750	1	30	22,500	\$30	\$675,000
Multifamily Housing Owners	3,504	1	16	56,064	\$30	\$1,681,920

In accordance with 5 CFR 1320.8(d)(1), HUD is soliciting comments from members of the public and affected agencies concerning the information collection requirements in the proposed rule regarding:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) The accuracy of the agency's estimate of the burden of the proposed collection of information;

(3) Whether the proposed collection of information enhances the quality, utility, and clarity of the information to be collected; and

(4) Whether the proposed information collection minimizes the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology (e.g., permitting electronic submission of responses).

Interested persons are invited to submit comments regarding the information collection requirements in this rule. The proposed information collection requirements in this rule have been submitted to OMB for review under section 3507(d) of the Paperwork Reduction Act. Under the provisions of 5 CFR part 1320, OMB is required to make a decision concerning this collection of information between 30 and 60 days after the publication date. Therefore, a comment on the information collection requirements is best assured of having its full effect if OMB receives the comment within 30 days of the publication. This time frame does not affect the deadline for comments to the agency on the proposed rule. Comments must refer to the

proposed rule by name and docket number (FR-6520-P-01) and must be sent to: Anna Guido, Clearance Officer, Paperwork Reduction Act Division (PRAD), Department of Housing and Urban Development, 451 7th Street SW, Room 8210, Washington, DC 20410; email at Anna.P.Guido@hud.gov, telephone (202) 402-5535.

Interested persons may submit comments regarding the information collection requirements electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the <http://www.regulations.gov> website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

V. Electronic Access and Filing

Comments submitted electronically through the www.regulations.gov website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

HUD will make all properly submitted comments and communications available for public inspection and copying during regular business hours at the above address. Due to security measures at the HUD Headquarters building, you must schedule an appointment in advance to review the public comments by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>. Copies of all comments submitted are available for inspection and downloading at www.regulations.gov.

Lists of Subjects

24 CFR Part 5

Administrative practice and procedure; Aged; Claims; Crime; Government contracts; Grant programs-housing and community development; Individuals with disabilities; Intergovernmental relations; Loan programs-housing and community development; Low and moderate income housing; Mortgage insurance; Penalties; Pets; Public housing; Rent subsidies; Reporting and recordkeeping requirements; Social security; Unemployment compensation; Wages.

24 CFR Part 960

Aged; Grant programs-housing and community development; Individuals with disabilities; Pets; Public housing.

24 CFR Part 982

Grant programs-housing and community development; Grant programs-Indians; Indians; Public housing; Rent subsidies; Reporting and recordkeeping requirements.

24 CFR Part 983

Grant programs-housing and community development; Low and moderate income housing; Rent subsidies; Reporting and recordkeeping requirements.

Accordingly, for the reasons described in the preamble, HUD proposes to amend 24 CFR parts 5, 960, 982, and 983 as follows:

PART 5—GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS

1. The authority citation for part 5 continues to read as follows:

Authority: 12 U.S.C. 1701x; 42 U.S.C. 1437a, 1437c, 1437f, 1437n, 3535(d); 42 U.S.C. 2000bb *et seq.*; 34 U.S.C. 12471 *et seq.*; Sec. 327, Pub. L. 109-115, 119 Stat. 2396; E.O. 13279, 67 FR 77141, 3 CFR, 2002 Comp., p. 258; E.O. 13559, 75 FR 71319, 3 CFR, 2010 Comp., p. 273; E.O. 14015, 86 FR 10007, 3 CFR, 2021 Comp., p. 517.

2. Add subpart N to read as follows:

Subpart N—Work Requirements and Term Limits in Project-based Rental Assistance

Sec.

5.4001 Applicability

5.4003 Definitions

5.4005 Election of Work Requirements and Term Limits

§ 5.4001 Applicability

This subpart N applies to Section 8 project-based rental assistance (PBRA) programs.

§ 5.4003 Definitions

The following definitions apply to this subpart:

Work activities. This definition has the same meaning as the term defined in section 407(d) of the Social Security Act (42 U.S.C. 607(d)). Self-employment is a work activity. Owners may also identify additional work activities beyond those listed in section 407(d).

Work-eligible. A member of an assisted family who is between ages 18 to 61, excluding persons with a disability as defined in 24 CFR 5.403 or a primary caretaker of such individual, or who are pregnant, or who are the primary caretaker for a child under 6 years of age or for temporarily incapacitated individuals, or who are enrolled as a student in an institution of higher education as defined in section 102 of the Higher Education Act of 1965 (for a duration determined by the Owner).

§ 5.4005 Election of Work Requirements and Term Limits in the Project-Based Rental Assistance Program

(a) *Work requirements for continued assistance.*

(1) The Owner of a property assisted under the Project-Based Rental Assistance (PBRA) program (42 U.S.C. 1437f) who is not in default of their Section 8 Housing Assistance Payments (HAP) contract may adopt a policy to require work-eligible adults of an assisted family to engage in work activities as a condition of continued assistance.

(2) An Owner may require work-eligible adults receiving assistance under this part to engage in work activities for no more than 40 hours per week.

(3) An Owner must establish a work requirements policy in accordance with this subpart and include information regarding the work requirements in the tenant selection plan before implementing the work requirements. At a minimum, the work requirements policy must describe the following:

- (i) Which work-eligible adults in the family are subject to and exempt from the policy;
- (ii) What the Owner determines to be work activity;
- (iii) The required number of hours of work activities that a work-eligible adult must complete;
- (iv) How the Owner will determine compliance with the work requirements policy;
- (v) How frequently the Owner will determine a work-eligible adult's compliance with the work requirement policy, which must be done no less than annually;
- (vi) The consequences for non-compliance with the work requirement policy;
- (vii) A written description of the hardship policy to address tenants seeking a determination of disability status, families who are temporarily relocated due to a disaster, and families who are actively trying to comply with the Owner's work requirement policy but are having difficulty engaging in work activity. The hardship policy must include a grievance procedure for families seeking the review of a denied hardship request; and
- (viii) The supportive services that the Owner provides to assist work-eligible adults with obtaining employment or otherwise engaging in work activities.

(4) An Owner must furnish a copy of the work requirements policy to applicants, each family at the time of lease execution, and to resident organizations.

(5) An Owner's work requirements must be included in all tenant dwelling leases.

(6) An Owner must provide family members a written notice at minimum three months prior to an Owner's implementation of its work requirements policy adopted under this subpart.

(7) An Owner must provide supportive services to assist work-eligible adults with obtaining employment or otherwise engaging in work activities either through the Owner or a partner organization.

(8) An Owner may not establish work requirements as a condition of admission into its Section 8 project-based assistance program.

(b) *Term Limits*

(1) An Owner of a property assisted under the Project-Based Rental Assistance (PBRA) program (42 USC 1437f) who is not in default of their Section 8 contract may adopt a policy to implement a term limit on continued occupancy of not less than two years for a family residing in a unit receiving assistance under the PBRA program.

(2) An Owner must complete the following prior to implementing any term limit policy:

(i) Provide information regarding its election to implement a term limit in its tenant selection plan;

(ii) Establish a term limit policy; and

(iii) Provide existing families a written notice of implementation at least three months prior to an Owner's implementation of its term limit policy adopted under this subpart.

(3) When establishing a term limit policy, an Owner must establish the policy in accordance with certain procedures in this subpart. At a minimum, the term limit policy must describe:

(i) Which families are subject to and exempt from the policy;

(ii) The term for which assistance may be provided;

(iii) How the Owner will determine compliance;

(iv) The consequences for non-compliance;

(v) A description of the hardship policy. Owners must implement a hardship policy, including a policy to address tenants seeking a determination of disability status. The written

policy must include a grievance procedure for families seeking the review of a denied hardship request;

(vi) That the policy must not apply while families have been temporarily relocated pursuant to the Uniform Relocation Act, to facilitate unit repairs, rehabilitation, or during such time when the dwelling unit is located in a Presidentially declared disaster area;

(vii) The supportive services that the Owner provides to support preparing families for the termination of assistance.

(4) An Owner's term-limit policy must be included in all tenant dwelling leases.

(5) An Owner must furnish a copy of the term limit policy to applicants, each family at lease execution, and to resident organizations.

(6) An Owner's term limit policy may only apply to a family's receipt of assistance after the Owner has adopted a term limit in accordance with this subpart.

(7) An Owner must provide supportive services, either through the Owner or a partner organization, to support preparing families for the termination of assistance.

(8) When an Owner determines a family is within 12 months and, again within 6 months of the Owner's term limit, the Owner must provide written notice to the family within 30 days of such determination. The notice must state the date upon which the family will reach the Owner's term limit, the action the Owner will take, and a description of the Owner's hardship policy. If the Owner is a PHA, each notice must in addition explain the steps the family must take if the family wishes to request a hearing.

(9) An Owner may not impose a term limit on elderly and disabled families as defined in 24 CFR 5.403 or on families while they are under a statutory notice period under 42 USC 1437f(c)(8)(A).

(c) An Owner may terminate the Section 8 project-based rental assistance of a noncompliant family or family member to whom the work requirements or term limits under this

subpart apply. An Owner may only enforce a policy established pursuant to and in compliance with this subpart.

PART 960—ADMISSION TO, AND OCCUPANCY OF, PUBLIC HOUSING

3. The authority citation for part 960 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437d, 1437n, 1437z-3, and 3535(d).

4. In § 960.102, add in alphabetical order definitions of “Work activities” and “Work-eligible” to paragraph (b). The additions read as follows:

§ 960.102 Definitions

* * * * *

(b) * * *

Work activities. This definition has the same meaning as the term in section 407(d) of the Social Security Act (42 U.S.C. 607(d)). Self-employment is a work activity. PHAs may also identify additional work activities beyond those listed in section 407(d).

Work-eligible. A member of an assisted family who is between ages 18 to 61, excluding persons with a disability as defined in 24 CFR 5.403 or a primary caretaker of such individual, or who are pregnant, or who are the primary caretaker for a child under 6 years of age or for temporarily incapacitated individuals, or who are enrolled as a student in an institution of higher education as defined in section 102 of the Higher Education Act of 1965 (for a duration determined by the PHA).

5. Add subpart H to read as follows:

Subpart H—Work Requirements and Term Limits

Sec.

960.801 Election of Work Requirements and Term Limits

§ 960.801 Election of Work Requirements and Term Limits.

(a) *Work requirements for continued occupancy.*

(1) A PHA not designated as a troubled performer under the Public Housing Assessment System (PHAS) or the Small Rural Public Housing Assessment and not in receivership may adopt a policy to require work-eligible adults of an assisted family residing in public housing under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) to engage in work activities as a condition of continued occupancy.

(2) A PHA may require work-eligible adults receiving assistance under this part to engage in work activities for no more than 40 hours per week.

(3) A PHA must establish a work requirements policy in accordance with this subpart and include information regarding the PHA's election to set work requirements in its PHA Plan before implementing the work requirements. At a minimum, the work requirements policy must describe the following:

- (i) Which work-eligible adults in the family are subject to and exempt from the policy;
- (ii) What the PHA determines to be work activity;
- (iii) The required number of hours of work activities that a work-eligible adult must complete;
- (iv) How the PHA will determine compliance with the work requirements policy;
- (v) How frequently the PHA will determine a work-eligible adult's compliance with the work requirements policy, which must be done no less than annually;
- (vi) The consequences for non-compliance with the work requirements policy;
- (vii) A written description of the hardship policy to address tenants seeking a determination of disability status, families who are temporarily relocated due to a disaster, and families who are actively trying to comply with the agency's work requirement, but are having difficulties obtaining work or otherwise engaging in work activity; and
- (viii) The supportive services that the PHA will provide, either through the agency or a partner organization, to assist work-eligible adults with obtaining employment or otherwise engaging in work activities.

(4) A PHA must furnish a copy of the work requirements policy to applicants, each family at the time of lease execution, each family at the time of lease renewal, and to resident organizations.

(5) The PHA work requirements policy must be included in, or incorporated by cross-reference in, all tenant dwelling leases pursuant to 24 CFR part 966, subpart A.

(6) A PHA must provide family members a written notice at minimum three months prior to a PHA's implementation of its work requirements policy adopted under this subpart.

(7) A PHA must provide supportive services to assist work-eligible adults with obtaining employment or otherwise engaging in work activities either through the agency or a partner organization.

(8) A PHA may not establish work requirements as a condition of admission into its public housing program.

(b) *Term limits.*

(1) A PHA not designated as a troubled performer under the Public Housing Assessment System (PHAS) or the Small Rural Public Housing Assessment and not in receivership may adopt a policy to implement a term limit on continued occupancy of not less than two years for a family residing in a unit receiving assistance under Section 9 of the United States Housing Act of 1937 (42 USC 1437g).

(2) A PHA must complete the following prior to implementing any term limit policy:

(i) Provide information regarding its election to implement a term limit in its PHA Plan;

(ii) Establish a term limit policy; and

(iii) Provide existing families a written notice of implementation at least three months prior to a PHA's implementation of its term limit policy adopted under this subpart.

(3) When establishing a term limit policy, a PHA must establish the policy in accordance with certain procedures in this subpart. At a minimum, the term limit policy must describe:

(i) Which families are subject to and exempt from the policy;

- (ii) The term for which assistance may be provided;
 - (iii) How the PHA will determine compliance;
 - (iv) The consequences for non-compliance;
 - (v) A description of the hardship policy. PHAs must implement a hardship policy, including a policy to address tenants seeking a determination of disability status;
 - (vi) That the policy must not apply while families have been temporarily relocated pursuant to the Uniform Relocation Act, to facilitate unit repairs, rehabilitation, or during such time when the dwelling unit is located in a Presidentially declared disaster area; and
 - (vii) The supportive services that the PHA will provide, either through the agency or a partner organization, to support preparing families for the termination of assistance.
- (4) A PHA's term limit policy must be included in, or incorporated by reference in, all tenant dwelling leases pursuant to 24 CFR part 966, subpart A.
- (5) A PHA must furnish a copy of the term limit policy to applicants, each family at lease execution and at the time of lease renewal and to resident organizations.
- (6) A PHA's term limit policy may only apply to a family's receipt of assistance after the PHA has adopted a term limit in accordance with this subpart.
- (7) A PHA must provide supportive services, either through the agency or a partner organization, to support preparing families for the termination of assistance.
- (8) When a PHA determines a family is within 12 months and, again within 6 months of the agency's term limit, the PHA must provide written notice to the family within 30 days of such determination. The notice must state the date upon which the family will reach the PHA's term limit, the action the PHA will take, a description of the PHA's hardship policy, and the family's opportunity for a hearing if the family disputes within a reasonable time the PHA's determination.
- (9) A PHA may not impose a term limit on elderly and disabled families as defined in 24 CFR 5.403.

(c) *Enforcement.* A PHA may terminate program assistance to a covered family or family member to whom the work requirement or term limit policies under this subpart apply, if the family member does not comply. Such termination of assistance is subject to the restrictions in this subpart and the termination procedures described in 24 CFR part 966, subpart A. A PHA may only enforce a policy established pursuant to and in compliance with this subpart.

**PART 982—SECTION 8 TENANT-BASED ASSISTANCE: HOUSING CHOICE
VOUCHER PROGRAM**

6. The authority citation for part 982 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535(d).

7. In § 982.4, revise paragraph (a)(3) and add in alphabetical order definitions for “Work activities” and “Work-eligible” to paragraph (b). The revision and additions read as follows:

§ 982.4 Definitions

(a) * * *

(3) The following terms are defined in 24 CFR part 5, subpart F: Adjusted income, Annual income, Extremely low income family, Total tenant payment, Utility allowance, Welfare assistance, and work activities.

(b) * * *

Work activities. This definition has the same meaning as the term in section 407(d) of the Social Security Act (42 U.S.C. 607(d)). In addition, self-employment is a work activity. PHAs may also identify additional work activities beyond those listed in section 407(d).

Work-eligible. A member of an assisted family who is between ages 18 to 61, excluding persons with a disability as defined in 24 CFR 5.403, or a primary caretaker of such individual, or who are pregnant, or who are the primary caretaker for a child under 6 years of age or for temporarily incapacitated individuals, or who are enrolled as a student in an institution of higher education as defined in section 102 of the Higher Education Act of 1965 (for a duration determined by the PHA).

8. Add § 982.55 to subpart B to read as follows:

§ 982.55 Election of Work Requirements and Term Limits.

(a) *Work requirements.*

(1) A PHA not designated as a troubled performer under the Section Eight Management Assessment Program (SEMAP) or the Small Rural PHA Assessment and not in receivership may adopt a policy to require work-eligible adults of a family receiving assistance under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) to engage in work activities as a condition of continued assistance.

(2) A PHA may require work-eligible adults admitted and assisted under this part to engage in work activities for no more than 40 hours per week.

(3) A PHA must establish a work requirements policy in accordance with this subpart and include information regarding the PHA's election to set work requirements in its PHA Plan before implementing the work requirements. At a minimum, the work requirements policy must describe the following:

(i) Whether the PHA is defining "Work-eligible" consistent with the definition at § 982.4 or is using an alternative, narrower definition. An alternative definition must clearly identify the family members subject to and exempt from the policy, and may not include any category of person excluded by the definition at §982.4;

(ii) What the PHA determines to be work activities that are sufficient to comply with the work requirements policy;

(iii) The required number of hours for work activity, which must not exceed 40 hours per individual per week, and whether the requirement applies only to work-eligible adults or the family collectively;

(iv) How the PHA will determine the work-eligible adult's compliance with the work requirements policy;

(v) How frequently the PHA will determine a work-eligible adult's compliance with the work requirements policy, which must be done not less than annually;

(vi) The consequences for non-compliance with the work requirements policy; and

(vii) A written description of the hardship policy to address work-eligible adults seeking a determination of disability status, work-eligible adults of families who are temporarily relocated due to a disaster, and work-eligible adults who are actively trying to comply with the agency's work requirement, but are having difficulties obtaining work or otherwise engaging in work activity.

(4) The work requirements policy must be included in the following:

(i) The PHA Plan;

(ii) The Administrative Plan in accordance with 24 CFR 982.54;

(iii) The oral briefing described in 24 CFR 982.301(a); and

(iv) The information packet described in 24 CFR 982.301(b).

(5) A PHA must explain the work requirements policy at the oral briefing required under this part and furnish a copy of the policy to each applicant and tenant in the information packet.

(6) A PHA must provide existing family members a written notice at minimum three months prior to a PHA's implementation of its work requirements policy adopted under this subpart.

(7) A PHA must provide, either through the agency or a partner organization, supportive services to assist work-eligible adults with obtaining employment or otherwise engaging in work activities.

(8) A PHA may not require work as a condition of admission into its HCV or PBV program.

(b) *Term limits.*

(1) A PHA not designated as a troubled performer under the Section Eight Management Assessment Program (SEMAP) and not in receivership may implement a term limit of not less than two years for families receiving assistance under this subpart.

(2) A PHA must complete the following steps prior to implementing any term limit policy:

- (i) Provide information regarding its election to implement a term limit in its PHA Plan;
- (ii) Establish a term limit policy; and
- (iii) Provide existing families a written notice of implementation at least three months prior to the PHA's implementation of its term limit policy adopted under this subpart.

(3) A PHA must establish the term limit policy in accordance with the procedures in this subpart. The term limit policy must describe:

- (i) Which families are subject to and exempt from the policy;
- (ii) The term for which assistance may be provided;
- (iii) How the PHA will determine compliance;
- (iv) The consequences for non-compliance;
- (v) A written description of the hardship policy. PHAs must implement a hardship policy, including a policy to address tenants seeking a determination of disability status; and
- (vi) That the policy must not apply while families have been temporarily relocated pursuant to the Uniform Relocation Act, to facilitate unit repairs, rehabilitation, or during such time when the dwelling unit is located in a Presidentially declared disaster area.

(4) The term limit policy must be included in the following:

- (i) The PHA Plan;
- (ii) The Administrative Plan in accordance with 24 CFR 982.54;
- (iii) The oral briefing described in 24 CFR 982.301(a) for tenant-based assistance and 24 CFR 983.252(a) for project-based voucher assistance; and

(iv) The information packet described in 24 CFR 982.301(b) for tenant-based assistance and 24 CFR 983.252(b) for project-based voucher assistance.

(5) A PHA's term limit policy must exclude elderly families and disabled families as defined in 24 CFR 5.403.

(6) A PHA must provide supportive services, either through the agency or a partner organization, to support preparing families for the termination of assistance.

(7) When a PHA determines a family is within 12 months and, again within 6 months of the agency's term limit, the PHA must provide written notice to the family within 30 days of such determination. The notice must state the date upon which the family will reach the PHA's term limit, the action the PHA will take, a description of the PHA's hardship policy, and the family's opportunity for an informal hearing under 24 CFR 982.555 if the family disputes within a reasonable time the PHA's determination.

(c) *Applicability to special purpose vouchers.* Work requirements and term limits policies may be implemented for special purpose vouchers in the following manner:

(1) A PHA may establish work requirements or term limits for Mainstream vouchers, Stability Vouchers, the HCV homeownership program.

(2) A PHA may establish work requirements for the Family Unification Program or Foster Youth to Independence initiative.

(3) A PHA must not establish term limits for the Family Unification Program when used to serve foster youth, or the Foster Youth to Independence initiative.

(4) A PHA must not establish work requirements or term limits for the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program.

(5) A PHA may establish work requirements or term limits for other programs as determined by the Secretary through a Federal Register notice.

(d) *Enforcement.* A PHA may terminate program assistance to a family or covered family member to whom the work requirements or term limits in this subpart apply for non-compliance

with the work requirements or term limit policy. Termination of assistance for non-compliance with the work requirement or term limit policies is subject to the restrictions in this subpart and the termination procedures described in 24 CFR part 982, subpart L. A PHA may only enforce compliance based on a policy properly established pursuant to and in compliance this subpart.

PART 983—PROJECT- BASED VOUCHER (PBV) PROGRAM

9. The authority citation for part 983 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535(d).

10. In § 983.3, amend paragraph (b) by adding in alphabetical order definitions for “Work activities” and “Work-eligible”. The additions read as follows:

§ 983.3 PBV Definitions

* * * * *

(b) * * *

Work activities. See 24 CFR 982.4.

Work-eligible. See 24 CFR 982.4.

* * * * *

11. Add § 983.263 to subpart F to read as follows:

§ 983.263 Election of Work Requirements and Term Limits.

(a) *Work requirements.*

(1) A PHA not designated as a troubled performer under the Section Eight Management Assessment Program (SEMAP) and not in receivership may adopt a policy to require work-eligible adults of a family receiving assistance under this part to engage in work activities as a condition of continued assistance.

(2) A PHA may require work-eligible adults admitted and assisted under this part to engage in work activities for no more than 40 hours per week.

(3) A PHA must establish a work requirements policy in accordance with this subpart and include information regarding the PHA’s election to set work requirements in its PHA Plan

before implementing the work requirements. At a minimum, the work requirements policy must describe the following:

(i) Whether the PHA is defining “Work-eligible” consistent with the definition at § 982.4 or is using an alternative, narrower definition. An alternative definition must clearly identify the family members subject to and exempt from the policy, and may not include any category of person excluded by the definition at §982.4;

(ii) What the PHA determines to be work activities that are sufficient to comply with the work requirements policy;

(iii) The required number of hours for work activity, which must not exceed 40 hours per individual per week, and whether the requirement applies only to work-eligible adults or the family collectively;

(iv) How the PHA will determine the work-eligible adult’s compliance with the work requirements policy;

(v) How frequently the PHA will determine a work-eligible adult’s compliance with the work requirements policy, which must be done no less than annually;

(vi) The consequences for non-compliance with the work requirements policy; and

(vii) A written description of the hardship policy to address tenants seeking a determination of disability status, families who are temporarily relocated due to a disaster, and families who are actively trying to comply with the agency’s work requirement, but are having difficulties obtaining work or otherwise engaging in work activity.

(4) The work requirements policy must be included in the following:

(i) The PHA Plan;

(ii) The Administrative Plan in accordance with 24 CFR 982.54;

(iii) The oral briefing required under 24 CFR 983.252(a) for project-based assistance; and

(iv) The information packet required under 24 CFR 983.252(b).

(5) A PHA must explain the work requirements policy at the oral briefing required under this part and furnish a copy of the policy to each applicant and tenant in the information packet.

(6) A PHA must provide existing family members a written notice at minimum three months prior to a PHA's implementation of its work requirements policy adopted under this subpart.

(7) A PHA must provide, either through the agency or a partner organization, supportive services to assist work-eligible adults with obtaining employment or otherwise engaging in work activities. The definition of supportive services is found at 24 CFR 983.3.

(8) A PHA may not establish work requirements as a condition of admission into its HCV or PBV program.

(9) PHAs may implement separate work requirements in individual projects or buildings or for sets of such units.

(b) *Term limits.*

(1) A PHA not designated as a troubled performer under the Section Eight Management Assessment Program (SEMAP) and not in receivership may implement a term limit of not less than two years for families receiving assistance under this subpart.

(2) A PHA must complete the following steps prior to implementing any term limit policy:

(i) Provide information regarding its election to implement a term limit in its PHA Plan;

(ii) Establish a term limit policy; and

(iii) Provide existing families a written notice of implementation at least three months prior to a PHA's implementation of its term limit policy adopted under this subpart.

(3) A PHA must establish the term limit policy in accordance with the procedures in this subpart. The term limit policy must describe:

(i) Which families are subject to and exempt from the policy;

(ii) The term for which assistance may be provided;

(iii) How the PHA will determine compliance;

(iv) The consequences for non-compliance;

(v) A written description of the hardship policy. PHAs must implement a hardship policy, including a policy to address tenants seeking a determination of disability status; and

(vi) That the policy must not apply while families have been temporarily relocated pursuant to the Uniform Relocation Act, to facilitate unit repairs, rehabilitation, or during such time when the dwelling unit is located in a Presidentially declared disaster area.

(4) The term limit policy must be included in the following:

(i) The PHA Plan;

(ii) The Administrative Plan in accordance with 24 CFR 982.54 and 24 CFR 983.10;

(iii) The oral briefing described in 24 CFR 983.252(a); and

(iv) The information packet described in 24 CFR 983.252(b).

(5) A PHA's term limit policy must exclude elderly families and disabled families as defined in 24 CFR 5.403.

(6) A PHA must provide supportive services, either through the agency or a partner organization, to support preparing families for the termination of assistance.

(7) When a PHA determines a family is within 12 months and, again within 6 months of the expiration of the term limit, the PHA must provide written notice to the family within 30 days of such determination. The notice must state the date upon which the family will reach the PHA's term limit, the action the PHA will take, a description of the PHA's hardship policy, and the family's opportunity for an informal hearing if the family disputes within a reasonable time the PHA's determination.

(8) PHAs may implement separate term limits in individual projects or buildings or for sets of such units.

(c) *Enforcement.* A PHA may terminate program assistance to a family or covered family member to whom the work requirements or term limits in this subpart apply for non-compliance

with the work requirements or term limit policy. Termination of assistance for non-compliance with the work requirement or term limit policies is subject to the restrictions in this subpart and the termination procedures described in 24 CFR part 982, subpart L. A PHA may only enforce compliance based on a policy properly established pursuant to this subpart.

(d) *Vacancy payments.* If a tenancy is terminated, the Owner may be eligible for vacancy payments on the same terms as provided for in 24 CFR 983.352.

Benjamin Hobbs,

Assistant Secretary for Public and Indian Housing

Scott Turner,

Secretary

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