

# Now & Next

## Affordable Housing Alert

March 4, 2026

### **HUD proposes work requirements and term limits**

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The proposal would allow agencies and owners to require work-eligible residents to work or lose assistance, and to set term limits as short as two years.



#### **What's the impact?**

- 4.4 million families assisted by public housing, Housing Choice Vouchers (HCV), Project-Based Vouchers (PBV), and Project-Based Rental Assistance (PBRA) could be affected.
- HUD estimates \$2.7 million to \$55.3 million in annualized implementation costs for PHAs, Owners, and residents.
- PHAs and Owners would have to provide supportive services and hardship protections—creating new operational and compliance obligations.
- The comment period closes May 1, 2026.

In a significant shift in federal housing policy, HUD proposes giving most Public Housing Agencies and Owners the option to require work-eligible residents to work up to 40 hours per

week—or face termination of their housing assistance. The proposed rule would also permit term limits as short as two years.

## A historic policy shift

On March 2, 2026, HUD published a proposed rule that would allow—but not require—Public Housing Agencies (PHAs) and owners of PBRA-assisted projects (Owners) to condition housing assistance on work activity and limit how long a family resides in assisted housing. The four programs covered are:

- / Public Housing
- / Housing Choice Vouchers (HCV)
- / Project-Based Vouchers (PBV)
- / Project-Based Rental Assistance (PBRA)

## HUD’s rationale: Self-sufficiency and scarcity

HUD frames this proposal as addressing low workforce participation and resource scarcity. According to HUD’s 2024 data, **43% of non-elderly, non-disabled households** receiving housing assistance (excluding single adults with children under six) had no household member with wage income. Meanwhile, **only 25% of eligible families** currently receive rental assistance due to limited supply. Over the past 25 years, wait times have increased from 15 to 19 months for public housing and from 26 to 29 months for HCVs.

## Who can implement these policies?

Most PHAs and Owners would be eligible. PHAs would be eligible as long as they are not in receivership or official troubled status. Owners would be eligible unless in default on their rental assistance contracts. PHAs and Owners could implement requirements on discrete projects or their entire portfolio.

## Is there precedent?

Yes, there is precedent, but it is limited. Most public housing residents must contribute eight hours of community service monthly or participate in self-sufficiency programming. A small percentage of PHAs have Moving to Work (MTW) authority, which provides them with greater flexibility and a handful of MTW PHAs have implemented work requirements or term limits. HUD points to the Housing Authority of the County of San Bernardino, an MTW agency with a five-year term limit program for non-elderly, non-disabled HCV households, which reported average

earned income of assisted residents increasing by 31.4%, full-time employment increasing by 20%, and unemployment decreasing by more than 26%.

## **Groundbreaking policy shift**

For Owners, this proposed rule is groundbreaking. Until now, Owners have had no authority to implement work requirements or term limits. If finalized, the rule would allow PHAs and Owners to:

- / Require work-eligible adults to engage in work activities as a condition of continued occupancy
- / Establish term limits for non-elderly, non-disabled families
- / Tailor policies to discrete properties or programs

The flexibility would come with new compliance obligations. PHAs and Owners would have to:

- / Provide supportive services (directly or through partnerships)
- / Establish hardship policies with grievance procedures
- / Comply with fair housing and civil rights requirements
- / Adhere to procedural requirements to update dwelling leases and program policies

## **Built-in protections and guardrails**

While the proposed rule would provide PHAs and Owners with significant flexibility, it has noteworthy limits. Elderly and disabled families and veterans participating in the HUD-VASH program are exempted from any work or term requirements. Additional exceptions apply to only one of the proposed flexibilities; for instance, term limits could not be applied to the Family Unification Program when used by youth, or the Foster Youth to Independence program.

PHAs and Owners electing to adopt these policies would have to follow detailed procedural requirements. A PHA would need to conduct public hearings and amend its administrative plan, PHA plan, and Admissions and Continued Occupancy Policy (ACOP), as applicable. An Owner would need to amend its tenant selection plan. Three months' prior written notice would be required before implementation of either policy. Because the term limits cannot be retroactive, current tenants would not be affected by term limits for at least 27 months from the final rule's publication date.

## **Unfunded burdens on PHAs and Owners**

With flexibility comes responsibility—and cost. HUD estimates that the annualized aggregate cost of the proposed rule to PHAs, Owners, and residents would be between \$2.7 million and

\$55.3 million. Under the proposed rule, PHAs and Owners that adopt work or term policies (or both) **must** offer supportive services to assist residents with obtaining employment or engaging in work activities. The services could be provided directly or through a partner organization. HUD expects PHAs and Owners to provide evidence that they are satisfying the supportive service requirement during audits, monitoring, or management reviews.

The regulations would provide PHAs and Owners with wide discretion to determine the supportive services they will provide and what resources will be expended on these services. HUD would **not** allow PHAs to use HCV administrative fees nor Owners to expend project funds to provide these supportive services. HUD plans to issue supplemental guidance on permissible funding sources, but none has yet been provided.

PHAs and Owners would be responsible for providing a copy of the work or term policy to all applicants and to resident organizations. The policy would also have to be provided to the family at the time of lease execution. PHAs and Owners would also be responsible for verifying tenant compliance with work requirements, which could add to administrative costs. In addition, enforcing work or term requirements would increase unit turnover—another unfunded cost to PHAs and Owners.

## Work requirements: The details

Under the proposed rule, PHAs and Owners may require “work-eligible” adults to engage in qualifying work activities for up to 40 hours per week as a condition of continued assistance. Work-eligible means a family member aged 18 to 61, excluding:

- / Persons with a disability
- / Primary caretakers of persons with a disability
- / Pregnant individuals
- / Primary caretakers of children under six years old
- / Primary caretakers of temporarily incapacitated individuals
- / Students enrolled in higher education (with the duration of the exclusion determined by the PHA or Owner)

PHAs and Owners could narrow the definition of work-eligible (e.g., set the age range at 22–57), but they could not narrow the exclusion. Admission to a project or program could not be conditioned on work—the requirement could only be a condition of continued occupancy.

## What counts as “work”?

The proposed rule adopts the definition of “work activities” used in the Temporary Assistance for Needy Families (TANF) program. Qualifying work activities would include:

- / Unsubsidized or subsidized employment (public or private sector)
- / Work experience, including refurbishing public housing
- / On-the-job and job skills training
- / Job search and job readiness assistance
- / Community service programs
- / Vocational educational training
- / Education (for those without a high school diploma or GED)
- / Self-employment
- / Childcare services to an individual participating in a community service program

PHAs and Owners could identify additional qualifying work activities beyond the definition used in the TANF program.

## Hardship policies: Required protections

PHAs and Owners adopting work requirements would be required to implement written hardship policies covering, at a minimum, work-eligible adults who are:

- / Seeking a determination of disability status
- / Temporarily relocated due to a disaster
- / Actively trying to comply but having difficulty finding work

A PHA or Owner adopting term limits would have to implement a written hardship policy, including addressing tenants seeking a determination of disability status. Both PHAs and Owners would need grievance procedures that address review of denied hardship requests.

## Term limits

PHAs and Owners could establish term limits of **not less than two years** for non-elderly, non-disabled families. There is no maximum term—PHAs and Owners have discretion to continue setting no term limit. Fewer groups are excluded from term limits than from the work requirements. For instance, term limits could apply to families with children under six (although PHAs and Owners would have the ability to exempt these and other groups). Term limits could **only apply prospectively**; prior tenure cannot count toward the limit—a significant protection for current residents. Term limits would not apply while families have been temporarily relocated pursuant to the Uniform Relocation Act, to facilitate unit repairs, rehabilitation, or if the housing is located in a Presidentially declared disaster area.

## The economic case: HUD's projections

HUD estimates that approximately 750 PHAs and 3,504 Owners will adopt these policies and households with an employed member would, on average, experience after-rent income increases of \$16,000. HUD projects the following benefits.

Metric	Low Adoption Scenario	High Adoption Scenario
Increased tenant income	\$125 million/year	\$501 million/year
Annualized economic benefits	\$30.9 million	\$129.5 million

## Looking ahead: Will PHAs and Owners adopt?

Adoption is likely to vary significantly by program and region. For PBRA Owners, widespread adoption seems unlikely, given the high costs of turning units—unless HUD, state or local governments, or another entity defrays the adoption costs. Given acute affordable housing needs and limited resources, many PHAs may choose—or be directed by state or local government—to implement work requirements or term limits. The impact these policies would have on tenant turnover is uncertain. For example, there may be a sizable number of assisted residents who (only after implementation) verify their disability status, because disability status does not presently affect their eligibility for continued housing assistance.

## Comment period: How to respond and considerations

The public comment period closes **May 1, 2026**. Comments may be submitted through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov).

As you evaluate this proposed rule, here are key considerations by stakeholder type.

### FOR PBRA OWNERS

- / This would be your first authority to implement work requirements or term limits, which would include significant operational and compliance implications, including but not limited to updating tenant selection plans.
- / You would have to provide supportive services and determine how to fund them.
- / Termination of assistance for noncompliance must be consistently applied—selective enforcement is prohibited.

### FOR PHAS

- / You must follow standard procedure, including amending the PHA Plan, holding public

hearings, and consulting with resident advisory boards.

- / You have flexibility to implement different requirements for different programs (public housing vs. HCV vs. PBV) or for individual developments.
- / Public housing leases must be updated to incorporate any work requirements or term limits.

#### **FOR ALL STAKEHOLDERS**

- / The supportive services requirement is mandatory. Begin identifying potential partners and funding sources now if you are thinking about adopting these policies.
- / Hardship policies will be critical for managing risk and defending against challenges.
- / Current residents are protected: Term limits apply prospectively only, and existing families must receive three months' notice before implementation.
- / Work requirements may not be a condition of admission—only continued occupancy.
- / Fair housing and civil rights compliance is paramount. Policies must not discriminate against any protected characteristic.

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