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Housing Authority of the County of Santa Cruz
2160 41st Avenue
Capitola, CA 95010

Submitted via Regulations.gov

Office of the General Counsel
Rules Docket Clerk
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

**Re: Docket No. FR-6524-P-01; Housing and Community Development Act of 1980:
Verification of Eligible Status**

To Whom It May Concern:

The Housing Authority of the County of Santa Cruz (HACSC) strongly opposes HUD's proposed rule entitled *Housing and Community Development Act of 1980: Verification of Eligible Status*, published February 20, 2026. This proposed regulation is unnecessary, harmful, inefficient, and in direct conflict with HUD's mission. It would destabilize tens of thousands of households, disproportionately harm children, increase homelessness in communities already facing severe housing shortages, and impose significant new administrative and financial burdens on public housing agencies without advancing statutory compliance. The consequences of this proposed rule are unacceptable.

The Proposed Rule Is Unnecessary: Current Law Already Works as Intended

Current federal regulations already implement Section 214 of the Housing and Community Development Act of 1980. Under longstanding HUD rules, federal housing assistance is prorated in mixed-status households so that no federal assistance is provided on behalf of ineligible individuals. Rental subsidy is calculated solely based on eligible household members. Ineligible members do not receive assistance. The existing framework already complies fully with federal law. The proposed rule does not "close a loophole" nor does it correct noncompliance. Instead, it eliminates long-standing regulatory structure that Congress preserved to prevent family separation and homelessness.

The Proposed Rule Is Extremely Harmful to Households, Especially Children

HUD's own 2026 Regulatory Impact Analysis (RIA) acknowledges that approximately 20,000 mixed-status households, representing roughly 79,300 individuals, would be directly affected nationwide. Of those individuals:

- The majority (approximately 55,000) are eligible household members (U.S. citizens, nationals, and eligible noncitizens);
- HUD estimates that approximately 36,000 children, almost all of whom are U.S. citizens themselves, could lose assistance and become homeless.

California alone accounts for approximately 36% of mixed-status households nationwide, meaning thousands of families in this state could face displacement. In Santa Cruz County, approximately 270 households, representing over 1,000 household members, could lose their rental assistance. With Santa Cruz County consistently identified as one of the least affordable rental markets in the nation, the loss of rental assistance is not a temporary setback. It is a direct pathway to homelessness.

Families would face untenable choices: separation, eviction, or homelessness. Housing instability during childhood is well documented to result in long-term harm, including reduced educational attainment, adverse health outcomes, and diminished economic mobility. These are not theoretical harms. They are predictable outcomes acknowledged in HUD's own analysis.

The Proposed Rule Is Inefficient and Harmful to the Program

The rule would impose significant new regulatory and administrative burdens on housing authorities. PHAs would be required to:

- Conduct expanded verification procedures;
- Manage appeals and termination processes;
- Address increased hearings and potential evictions;
- Navigate new SAVE-related compliance requirements.

HUD acknowledges that the rule will adversely affect mixed-status families, yet proceeds on the theory that homelessness and displacement of currently and lawfully assisted households is justified if it reallocates scarce resources elsewhere. That premise is flawed. HUD's regulatory impact analysis acknowledges per-household compliance costs, yet provides no corresponding increase in administrative fee funding. Further, because mixed-status households receive prorated subsidies, they receive lower average housing assistance payments than fully eligible households. Replacing mixed-status households would therefore increase per-household subsidy costs. Absent additional appropriations, this dynamic would actually *reduce* the total number of families served, which is contrary to the stated objective.

The rule also risks damaging landlord relationships. Property owners rely on stability and predictability in the Housing Choice Voucher program. Forced terminations and family exits

will introduce uncertainty and erode confidence in the program at a time when landlord participation is already strained.

This rule does not expand housing supply. It does not increase funding. It does not reduce waiting lists. It results in significant harm to tens of thousands of families while increasing costs and therefore undermining the ability to create capacity to help new families.

The Rule Raises Legal Concerns

The proposed regulation raises legal concerns, including:

- Equal protection concerns where U.S. citizen children lose housing due to the status of other household members;
- Due process concerns related to family unity and housing stability;
- Potential tension with California's state laws promoting housing stability and limiting entanglement with immigration enforcement;
- Fair housing implications given the disproportionate impact on communities of color and immigrant households.

Section 214 does not require HUD to terminate assistance to eligible citizens residing in mixed-status households. HUD's longstanding prorated framework has operated for decades without judicial invalidation. The proposed rule represents a significant and discretionary policy shift, not a statutory mandate.

The Rule Is Unprecedented

Throughout the 50-year history of the Housing Choice Voucher Program, HUD has historically applied new eligibility criteria prospectively to new applicants, rather than applying them retroactively to terminate assistance for current participants who relied in good faith on existing regulations. Even when HUD imposed new restrictions on lifetime registered sex offenders, those changes were applied prospectively and grandfathered in current participants. Retroactively destabilizing households that have complied with all program requirements under established rules is unprecedented in federal housing policy.

The Consequences Are Contrary to HUD's Mission

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. This rule does the opposite. It reduces stability. It increases homelessness. It harms children. It diverts resources from housing provision to enforcement administration.

Recommendations

The Housing Authority of the County of Santa Cruz respectfully urges HUD to:

1. **Withdraw the proposed rule in its entirety.**

2. **At minimum, extend the public comment period and conduct public hearings** to ensure full consideration of the significant impacts identified in HUD's own regulatory impact analysis and to fully consider less harmful alternatives.
3. **If HUD proceeds with a final rule, apply any new eligibility criteria prospectively only**, to future applicants, and not to current participants who relied in good faith on existing regulations. A prospective only approach is explicitly identified in HUD's own analysis as a regulatory alternative and represents the *least* harmful form of implementation. If the rule is finalized and applied to current program participants, verification should take place at the next regular family re-examination. Ninety days is not a reasonable period for families and housing authorities to produce, collect, and verify documents.

Retroactively terminating assistance to eligible households is neither required by statute nor consistent with HUD's mission, with good public policy, or basic human decency. In Santa Cruz County, where the affordable housing crisis remains severe, this proposed rule would exacerbate instability rather than promote opportunity. The harms are predictable, measurable, and acknowledged in HUD's own analysis.

For these reasons, HACSC strongly urges HUD to withdraw the proposed rule.

Sincerely,



Jennifer Panetta
Executive Director
Housing Authority of the County of Santa Cruz