



HUD FACT SHEET: HOME Investment Partnership Program Final Rule

On January 6, 2024, HUD published a final rule in the Federal Register to update, streamline, and authorize new flexibilities in the regulations governing the HOME Investment Partnerships (HOME) Program. The final rule will ease regulatory requirements and increase flexibility to support the production of affordable housing and lower housing costs while reducing regulatory burden.

In developing this final rule, the Department considered input received from a broad range of stakeholders throughout many years about the most challenging aspects of administering and using HOME funds to provide affordable housing. The proposed rule was published in the Federal Register for public comment on May 29, 2024. HUD received and carefully considered more than one-hundred public comments on the proposed rule in developing the final rule.

Through this final rule, HUD seeks to reduce burden and increase flexibility for participating jurisdictions and other program participants, while adhering to statutory intent and requiring responsible management of State and local HOME programs.

The Final Rule

The final rule focuses on nine primary areas:

1. Rental housing
2. Tenant-based rental assistance
3. Tenant protections
4. Homebuyer housing
5. Community Land Trusts
6. Community Housing Development Organizations (CHDOs)
7. Maximum per-unit subsidy limits
8. Green and resilient property standards in HOME-assisted housing
9. Periods of affordability

The Department is implementing numerous changes to the program to benefit tenants and residents. Some of the major improvements include:

Periods of Affordability

- Adopting updated periods of affordability to address concerns about increased development costs.

Rental Housing

- Better aligning HOME rental housing requirements with those of other funding sources frequently combined with HOME in rental housing to lower burden, including:
 - Implementing Housing and Economic Recovery Act (HERA) provisions that permit an owner of a HOME-assisted unit receiving rental assistance to charge the permissible Housing Choice Voucher, project-based voucher or project-based rental assistance rent instead of the maximum HOME rent.
 - Permitting PJs to use PHA-established utility allowances for HOME rental projects.
 - For rehabilitation projects, permitting PJs to accept the completion or ongoing NSPIRE inspections performed for other funders of the project in lieu of conducting its own final inspection at rehabilitation completion or ongoing periodic inspections during project operation.
- Permitting streamlined or less frequent procedures for small-scale rental housing projects (one to four total units) for reexamination of annual income, tenant selection, and ongoing physical inspections.

Tenant-based Rental Assistance (TBRA)

- Enhancing flexibility in HOME TBRA programs to reduce burden, better serve the most vulnerable households, and support wealth building by permitting PJs to:
 - Permit hardship exceptions to tenant minimum rent contributions.
 - Reduce the frequency of income determinations by requiring income re-determination only at TBRA contract renewal instead of annually.
 - Accept physical inspections performed by other HUD programs using Housing Quality Standards (HQS) and eventually NSPIRE.

Tenant Protections

- Strengthening and expanding tenant protections through a mandatory HOME lease addendum that imposes a set of uniform tenant protections for HOME-assisted rental housing tenants and HOME TBRA recipients. The expanded tenant protections comprise requirements in five areas:
 - Physical condition of the unit and project;
 - Use and occupancy of the unit and project;
 - Required notice to the tenant;
 - Availability of legal proceedings; and
 - Protection against retaliation.

Homebuyer Housing

- Extending the deadline for sale of HOME-assisted homebuyer housing from 9 months to 12 months after construction is completed;
- Establishing four model resale formulas to help PJs comply with the HOME resale requirements and ensure transparency and fairness to homebuyers. The four resale formulas include fixed rate, itemized, appraisal, and index models;
- Permitting homebuyer housing acquired with HOME assistance (e.g., downpayment assistance) up to 6 months to meet HOME property standards.

Community Land Trusts

- Updating the definition of community land trusts (CLTs) and permitting qualified organizations to exercise preemptive rights in the event of resale of a HOME-funded CLT unit.

Community Housing Development Organizations (CHDOs)

- Revising the CHDO definition to simplify the board composition requirements including:
 - Permit groups such as Legal Aid, tenants' rights, and other civil rights organizations to count toward the minimum 1/3 low-income board requirement.
 - Narrow the types of officials who count against the one-third public official cap on board membership.
- Permitting PJs to consider the capacity and experience of volunteers who are board members or officers of the organization when determining whether an organization meets the CHDO capacity requirements.
- Permitting CHDOs acting in the developer role to share the role with another entity that can augment the development team's capacity provided that the CHDO retains decision-making authority.

Maximum Per-Unit Subsidy

- Providing HUD with the flexibility to establish its methodology for determining the maximum per-unit subsidy limits via Federal Register notice, allowing for periodic changes or adjustments.

Green and Resilient Property Standards

- Permitting a maximum 10 percent per-unit subsidy limit increase for HOME-funded projects that incorporate energy efficiency or green and resilient building standards, lowering energy costs and saving money for residents.

The Intended Impact of the Final Rule

The final rule will better align HOME with other affordable housing funding sources to benefit tenants and residents and lower housing costs. The rule also streamlines and modernizes the program by easing regulatory requirements, significantly reducing burden on owners and developers of HOME-assisted housing and participating jurisdictions.