



HUD FACT SHEET: HOME Investment Partnership Program Notice of Proposed Rulemaking

As indicated in the White House Housing Supply Action Plan, modernization of the HOME Investment Partnerships Program (HOME program), is a priority of the Biden Administration. On May 29, 2024, in an effort to update, streamline and authorize new flexibilities in the regulations governing the HOME program, HUD published a proposed rule in the Federal Register, which would update, streamline, and authorize new flexibilities in the regulations governing the HOME Investment Partnerships (HOME) Program. Reform of the HOME program is a priority of the HUD and the Biden-Harris Administration, incorporated into the White House Housing Supply Action Plan. HUD is soliciting public comment on the proposed rule until July 29, 2024.

In creating this proposed rule, the Department focused on its commitment to equity and wealth-building. The Department also considered input from stakeholders throughout the years on the most challenging aspects of administering and using HOME funds to provide affordable housing.

Through this proposed 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 Proposed Rule

The proposed rule focuses on eight 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

The Department proposes numerous changes to the program to benefit tenants and residents. Some of the key changes include:

Rental Housing

- Better aligning HOME rental housing requirements with those of other funding sources frequently combined with HOME in rental housing, including:
 - Implement 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.
 - Permit PJs to use PHA-established utility allowances for HOME rental projects.
 - For rehabilitation projects, permit 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.
 - Permit nonprofit organizations that serve statewide to be a CHDO for a State PJ.
 - 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 and sponsor roles 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 higher maximum per-unit subsidy limit for projects that meet ambitious, HUD-identified green and resilient building standards that exceed NSPIRE and HUD-established Energy Efficiency standards.

The Intended Impact of the Proposed Rule

The proposed rule will better align HOME with other affordable housing funding sources to benefit tenants and residents. The rule also supports the Administration's commitment to streamline and modernize programs to make them easier to use and to reduce burden on participating jurisdictions.

Submit your comment!

HUD is now accepting public comments until July 29, 2024.

For Electronic Submission of Comments, interested persons may submit comments 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 comments 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 website to submit comments electronically.

Also, comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410–0500.

Please note that Facsimile (Fax) comments are not acceptable.

Copies of all comments submitted will be available for inspection and downloading at <http://www.regulations.gov>.