



## Frequently Asked Questions: HOME Proposed Rule

### **Q: What is the HOME Proposed Rule?**

A: HUD seeks to enable HOME participating jurisdictions (PJs) to use HOME funds more effectively and efficiently in their communities. This proposed rule would revise the current HOME regulations to update, simplify, or streamline requirements, better align the program with other Federal housing programs, and implement recent amendments to the HOME statute. The proposed rule would also improve housing outcomes for HOME beneficiaries, including by expanding housing options and strengthening tenant protections.

In creating this proposed rule, HUD focused on its commitment to equity and wealth-building and considered input received from stakeholders over many years about the challenges of administering HOME funds to provide affordable housing. Through this proposed rule, HUD seeks to reduce burden and increase flexibility for PJs and other program participants, while adhering to statutory intent and requiring responsible management of State and local HOME programs.

### **Q: Why did HUD issue this Proposed Rule?**

A: This proposed rule seeks to improve the HOME program. If enacted, this proposed rule would revise the current HOME regulations to update, simplify, streamline requirements, better align the program with other Federal housing programs, and implement recent amendments to the HOME statute.

The HOME program provisions contained in title II of NAHA are prescriptive and the statute has not been significantly revised since the HOME program was last reauthorized by Congress in 1992. The statute limits the scope of changes that the Department can propose to the HOME program regulations. Working within these limitations, the Department conducted a comprehensive review of title II of NAHA and current HOME program regulations to determine whether previously unrecognized opportunities might exist to revise current regulatory provisions.

### **Q: Which entities are subject to the Rule?**

A: The proposed rule applies to PJs and the program State recipients, subrecipients, owners, and developers whose activities they fund with HOME.

### **Q: How will the Rule better serve vulnerable households?**

A: The proposed rule would significantly strengthen and expand tenant protections for tenants of HOME-assisted units and HOME TBRA recipients by requiring the use of a HOME lease addendum with a set of uniform tenant protections be appended to the leases of all tenants of HOME-assisted rental housing units. HUD also proposes requiring that a HOME tenancy addendum with a streamlined set of uniform tenant protections be appended to the leases of all tenants receiving TBRA. The Rule would also permit PJs administering HOME TBRA programs to establish hardship exception policies to reduce or eliminate the minimum tenant contribution toward rent.

**Q: How will the Rule simplify program administrations**

**A:** The Rule simplifies program administration in several ways. The Rule would:

- Permit PJs to accept the results of inspections performed to NSPIRE standards for other HUD programs;
- Create model resale provisions that PJs can adopt or adapt for their homebuyer programs;
- Permit PJs to eliminate the annual income redetermination for a 2-year HOME TBRA contract;
- Establish streamlined compliance procedures for small-scale rental housing (1-4 total units; and,
- Permit adoption of PHA-established utility allowances as an acceptable utility allowance for HOME rental projects.
- Establish a definition of Community Land Trusts (CLTs) and permit CLTs to hold and exercise purchase options, rights of first refusal, or other preemptive rights to preserve the affordability of housing developed by CLTs.

**Q: How will the Rule address the shortage of qualified Community Housing Development Organizations (CHDOs) in many parts of the country?**

**A:** The Rule revises the CHDO board requirements to broaden who can count as a low-income representative and to narrow the types of officials who count against the one-third public official cap on board membership. The Rule also revises the definitions of “own,” “develop,” and “sponsor” to permit CHDOs to partner with other developers to enhance capacity.

**Q: Will HUD provide a summary of the changes proposed in the Rule?**

**A:** Yes, HUD will hold listening sessions to provide an overview of the numerous changes made in the proposed rule. HUD will also issue Fact Sheets and other rollout materials to aid PJs, State recipients, subrecipients, owners, developers and other PJ partners in understanding the proposed changes and HUD’s rationale for proposing any changes. PJs and their partners are encouraged to participate in the listening sessions which will be announced via the [HUD Exchange listserv](#) and HUD’s webpage on the proposed rule.

**Q: Will the Proposed Rule impact the formula grant allocation method?**

**A:** No, this proposed rule does not impact the formula grant allocation method. The proposed changes will not have any impact on the allocation of HOME funds among PJs.

**Q: Can I submit comments on the Rule?**

**A:** Yes, HUD encourages interested parties to submit comments on the proposed rule through 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 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 website to submit comments electronically.

Comments may also be submitted by mail to:

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>.

**Q: What does HUD do after the comment period closes?**

**A:** HUD compiles all submitted comments for further inspection and downloading at <http://www.regulations.gov>. HUD will provide a summary of comments and publish it in the Final Rule. In addition, HUD will revise and incorporate comments into the preamble and the Final Rule if necessary. In parallel, HUD will modify the Final Rule text as necessary.

**Q: When will the Rule go into effect?**

**A:** The HOME Rule will go into effect 30 days after the Final Rule publication. For more details about the typical rulemaking process, please review [https://www.federalregister.gov/uploads/2011/01/the\\_rulemaking\\_process.pdf](https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf)