




HOME Investment Partnerships Program
Overview of the 2025 HOME Final Rule
February 4, 2026



NATIONAL COMMUNITY DEVELOPMENT ASSOCIATION

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Introductions





Supported by

- HUD’s Office of Affordable Housing Programs (OAHP)
- National Community Development Association (NCDA)

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§92.3

2025 HOME Rule Timeline

April 20, 2025: 2025 Final Rule Effective Date

- Except delayed provisions:
 - §92.250(c) – 10% increase in max. subsidy for green standard) and
 - §92.253 – revised tenant protections, specific requirement for HOME lease addendum
- PJs may implement when ready, but...

April 20, 2026: Compliance Date

- Must apply 2025 Rule **fully** to any project commitments on/after this date

April 30, 2026: Delayed provisions set to take effect

- *Unless delayed further?*

October 1, 2026: **NSPIRE** Compliance Date

January 1, 2027: **HOTMA** Compliance Date



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§92.3

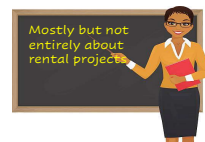
Which Rule Applies?

Generally, projects are subject to regulations in effect as of HOME commitment (execution of written agreement), but...

- Part 5 income determinations made on/after compliance date follow Part 5 as modified by HOTMA
- If revisions merely *clarify* HUD requirements, pre-4/20/25 committed projects expected to comply
 - e.g., Program Income includes payments on HOME loans even after POA had ended

PJ *may* apply 2025 HOME Final Rule to **"prior projects"** but:

- **Must amend written agreement and**
- **May NOT apply the following 2025 changes**
 - Expanded list of pre-commitment costs reimbursable from HOME §92.206(d)(1)&(2)
 - Increase in maximum per unit subsidy for meeting certain standards §92.250(c)
 - Revised thresholds for period of affordability §92.252(d)(4) and §92.254(a)(4)
 - Expanded tenant protections, including specific "tenancy addenda" §92.253
 - Revised CHDO role provisions re: owner, developer, sponsor §92.300(a)



Commitment (Agreement) Date Not Allocation or Program Year

"Prior project" - commitment before April 20, 2025 effective date.


However, PJs may make commitments under "old" rule in effect as of April 19, 2025 for one year - transition period.

As of April 20, 2026 compliance date, all commitments must comply with 2025 HOME Final Rule.



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Rental	Homebuyer
HOME	
TBRA	Homeowner

Revisions Affecting all HOME Project Types

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§92.206(d)

Eligible Project Costs

Expands pre-development soft costs incurred prior to commitment that may be reimbursed with HOME beyond professional services related to design (e.g., A&E) to include:

- Environmental studies and assessments
- Processing and settling financing for the project, including private lender origination fees, credit reports, title costs, legal fees, private appraisal fees, and fees for independent cost estimates,
- Accounting fees, fees for zoning/planning reviews, & other lender-required third-party reports
- Costs must have been incurred no more than 24 months prior to commitment
- And written agreement must specifically provide for such reimbursement


Defines development period property insurance as a project soft cost


Allows (up-front) ground lease payment as acquisition cost

Clarifies refinancing guidelines must ensure viability for 15-years

Expanded precommitment costs can **not** be applied to prior projects

REMINDER! *All costs must be reasonable*





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\$92.250(a)

Maximum Per Unit Subsidy

2024 Max Subsidy Limits in effect until further notice

- Capped at 240% of FHA 234 Elevator Limits, same limit nationally

Cannot apply increased maximum per unit subsidy to prior projects

HUD will update methodology for maximum per unit subsidy

- Requires Federal Register Notice establishing new methodology

Delayed provision at §92.250(c) allowing 10% increase in max per unit subsidy for projects meeting certain green standards

- Currently delayed until **April 30, 2026** – *further extension?*
- Requires HUD to publish FR notice defining qualifying green standards, so any on-the-ground impact will be further out



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\$92.252(d)(4)
\$92.254(a)(4)

Period of Affordability

Old Threshold (Pre-2025)	< \$15,000	\$15,000 - \$40,000	\$40,000 +
New Threshold (2025 Rule)	< \$25,000	\$25,000 - \$50,000	\$50,000 +
Homeownership	5 years	10 years	15 years
Rental (acq-only or rehab)	5 years	10 years	15 years
Rental (new construction)	20 years		
Rental (refinancing)	15 years		

Increases POA thresholds by \$10,000

New thresholds cannot be applied to pre-4/20/25 project commitment POAs



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§92.251

Property Standards

Adds requirements for smoke and carbon monoxide detection

- Smoke detection aligned to NSPIRE and NFPA 72
 - Specifies locations and alarms designed for hearing-impaired
 - Generally requires hardwiring of detectors/alarms
 - For rehab projects and acq. of standard housing only, PJ may provide written exception for 10-year sealed battery detector if hardwiring infeasible or cost prohibitive
- Specific CO standard for HOME to be published in Federal Register notice
 - Expect alignment to NSPIRE
 - Likely that applicable codes already require this in most new construction or substantial rehab



Acquisition for Homeownership – §92.251(c)(3)

- Permits acquisition of unit not meeting property standards at time of purchase/transfer
- Funding to complete rehabilitation must be in place, agreement must require rehab be completed within 6 months of purchase (PJ may grant 6-month extension), PJ must inspect at completion



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§92.251

Property Inspections

No. of HOME Units	Min. Inspection Sample
1 to 20	4 units
21 to 25	5 units
26 to 30	6 units
31 to 35	7 units
...	...

Table continues to 921+ HOME units

Provides minimum sample size for ongoing rental inspections

- Include inspectable areas for each building with HOME units
- Units should be selected randomly with a mix of unit sizes

Allows PJ to accept NSPIRE inspections completed under "another funding source's requirements" for *some* inspections

Can PJ Accept NSPIRE Inspection from Another Program?				
Activity §92.251()	Precommitment	Progress	At Completion	Ongoing/Periodic*
New Construction (a)	N/A	No	No	See row for ongoing rental
Rehabilitation (b)	No	No	Yes	See row for ongoing rental
Acq. of Std. Housing (c)	No	N/A - No construction activity to inspect**		See row for ongoing rental
TBRA (f)	Yes	N/A - No construction activity to inspect		Yes
Ongoing Rental (f)	See new construction/rehab rows above for development period inspections			Yes

* Ongoing inspections after project completion do not apply to homeownership projects.

** If acquisition for homeownership requiring post-purchase rehab, progress and completion inspections by PJ required.

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 **Rental Housing Requirements**

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\$92.203

Initial Income Determinations

Expands and revises rental safe harbors introduced in 2023 as part of HOTMA rule

- Note: HOTMA compliance extended to **January 1, 2027**

PJ **may** accept or allow owner to accept income determination by:



- State or federally-funded project-based rental subsidy program (e.g., PBV)
 - HOTMA rule said “*must*,” 2025 HOME Rule changed to “*may*”
- Federal tenant-based subsidy program (e.g., HCV)
- Other “Federal, State, or local public assistance” programs, including LIHTC
 - Written statement from public assistance program administrator required identifying HH size, annual income, and date of determination within prior 12 months
 - If needed, PJ/owner still required to calculate and apply adjusted income

If not using a safe harbor, then must have at least two months of source documents

- Safe Harbors only apply to rental and TBRA (for Safe Harbor #3), do not apply to homeownership

Written agreement must specify income determination procedures

- **Applying income safe harbors to prior projects will require amendment**

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§92.203

Reverifications of Income

Rental not meaningfully different than before, just adds third safe harbor

- At move-in: Safe harbor or source documents
- Annual redeterminations: Safe harbor or source docs always permitted; PJ may allow for self-certification unless project year 6/12/18 (which require safe harbor or source docs)

TBRA no longer requires re-determination within the term of assistance contract

- Verification required if new contract due to either a move *within* initial 24-month term or the renewal of assistance *beyond* 24 months

Provisions for "small-scale" rental housing covered later



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§92.252(a)

Rent Limits with Rent Assistance

For any HOME unit with local/state/federal rent assistance whether *Low or High* and whether *project-based or tenant-based assistance*

- Tenant contribution to rent set by the rental assistance program
 - 30% of monthly adjusted income or 10% of monthly income
- Owner may accept rental subsidy even if [subsidy + tenant contribution] exceeds published HOME rent

Functionally aligns with LIHTC treatment of rent assistance

To apply updated rent provisions to "prior" project, must amend written agreement!



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§92.252(a)

Rent Limits without Rent Assistance

High-HOME
Lesser of: 30% of 65% AMI or Fair Market Rent <div style="text-align: right; font-size: small;">§92.252(a)(1)</div>
Low-HOME
(i) Lesser of: 30% of 65% AMI or Fair Market Rent (ii) 30% of actual tenant's adjusted household income (iii) If unit is also LIHTC unit, then applicable LIHTC rent <div style="text-align: right; font-size: small;">§92.252(a)(2)</div>

High-HOME is unchanged

Low-HOME, three options

- (i) HUD-published (no change)
- (ii) effectively unchanged, but rarely used
- **(iii) is new and different**

HOME Rent Limits published annually by HUD

- *Different schedule than MTSP limits used by LIHTC, usually about 60 days later*

Updated requirement for 60-day notice of rent increase comes from §92.252(e)(3)

- Not affected by §92.253 delay
- May be applied to prior projects via agreement amendment

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§92.252(b)

Utility Allowance

Adds PHA-established utility allowance as an acceptable UA for any HOME rental

- Eliminates need for HOME waivers with PBVs (which require use of PHA UA)
- Reminder: PJ must review and approve UA annually

Other regulatory options (unchanged) include:

- HUD Utility Schedule Model
- Other methods permitted by HOMEfires - Vol. 13 No. 2
- Another method approved by HUD

For prior projects...

If agreement imposed specific UA methodology (e.g., HUSM), then amendment required.

If agreement only specified annual approval by PJ, then no amendment needed.

Bottom line, HOME can use any method acceptable for LIHTC.

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Simplified Requirements for Small-Scale Rental

Small-scale housing defined as rental project with one (1) to four (4) units §92.2

- Total units, not just HOME-assisted

Annual Income Determinations §92.252(g)(1)

- Reduces frequency for in-place tenants from annual to every 3 years, with documentation required every 6th year of project POA

Ongoing Inspections §92.251(f)(5)(i)

- Inspections may be every 3 years rather than risk-based schedule
- PJs not required to adopt more frequent inspection schedule in response to identified deficiencies

Alternative Tenant Selection/Waiting List Requirement §92.253(e)(5)

- PJ may adopt policy to identify and admit tenants when vacancies occur rather than requiring chronological selection from project-specific waiting list
- VAWA and nondiscrimination still apply

May apply alternate selection/waiting list now, even though §92.253 delayed.

To apply to "prior" small scale project, written agreement must be amended!



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Other Rental Items

Adds to list of explicitly prohibited fees by owners of rental housing at §92.214:

- May not require surety bonds, security deposit insurance, or similar or addition to security deposit
- May not charge fees to inspect units or to correct deficiencies in unit or common areas not caused by tenant or due to normal wear and tear

Clarifies "troubled rental project" provisions in §92.210

- Both physical and financial viability may be considered
- More detail on level of additional HOME assistance that may be provided and use of those funds
- Reiterates HUD's ability to impose conditions on additional assistance

Expands §92.255 provision for sale of HOME-assisted rental unit to tenant



- Existing tenant whose income has increased beyond 80% AMI since move-in may purchase, but may not receive additional HOME purchase assistance
- Prohibits sale to tenant via lease-purchase



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Tenant-Based Rental Assistance (TBRA)

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Expands Use of TBRA \$92.209

Permits TBRA contract to start

- First day of the lease **or**
- First month TBRA is provided to tenant
 - Facilitates use of TBRA for eligible in-place tenants



Requires PJ enter rental assistance contract with **both** tenant **and** property owner

- May be three-party agreement; could be two – one PJ-tenant and one PJ-owner
- Distinguishes between new contracts, amendments (e.g., tenant moves to different unit), and renewals (assistance extended beyond 24-month term)

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\$92.209

Streamlining Provisions



Income

- Safe Harbor #3 (other public assistance) may be used for initial qualification
- Eliminates requirement for annual income recertification within existing contract term
- PJ must re-determine income if renewing assistance contract *beyond* 24 months
- Re-determination of income required with any new assistance contract (may be prompted by move to another unit *within* 24-month term)

PJ may establish hardship policies that provide for \$0 tenant contribution

Inspections


- Still requires inspection at beginning (rental assistance contract) and annually
- PJ may accept NSPIRE inspection performed within prior three (3) months for another funding source



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Homebuyer Projects

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§92.254(a)(4)

HOMEbuyer Development Projects

Extends deadline for sale from nine (9) to 12 months

- Measured from **construction completion** to ratified sales contract (closing may occur after)

Lease-purchase

- If initial lease-purchase buyer does not close, may not offer lease-purchase to subsequent buyer
- Provides that if unit not sold within 48 months of initial lease-purchase agreement (max 36 for initial + 12 if needed for subsequent direct sale), must be converted to rental or repaid



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§92.254(a)(4)

Period of Affordability

Under the pre-2025 Rule, POA measured from date of project completion

- Usually was post-closing due to need for PJ entry to completion data

2025 Rule changes POA start date, POA begins once

- Unit meets property standards

AND

- Buyer takes title and executes legal instrument imposing recapture or resale provisions
 - Recapture: note & mortgage or deed of trust
 - Resale: restrictive covenant, deed restriction, etc.

Practically speaking – POA will be measured from closing for most projects

- Exception will be projects using new §92.251(c)(3) provision for buyer assistance for unit requiring post-purchase repairs, POA will not begin until PJ conducts inspection verifying rehab completed



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§92.254(a)(5)

Resale Clarifications

Statute requires resale to balance

- Fair return to initial buyer with
- Ensuring affordability to a reasonable range of subsequent low-income buyers

2025 Rule establishes four specifically compliant approaches to formula resale price

- Itemized formula
- Appraisal formula
- Index formula
- Fixed-rate formula
- PJ may still establish its own alternative formula subject to HUD approval

Fundamentally a clarification. Detail on acceptable methods moved in rule itself instead of other guidance.



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§92.254(b)(3)

Community Land Trusts

Implements 2016 statutory provision allowing CLTs to retain preemptive purchase rights to preserve affordability

Provides regulatory definition of "community land trust" in §92.2

- Nonprofit whose primary purpose is to acquire, develop, and hold land to make housing permanently affordable
- Uses ground lease, deed restriction, or other means to maintain affordability for at least 30 years

PJs may permit CLTs to retain and execute right of first refusal or other preemptive purchase right to preserve affordability of HOME-assisted units



- Only applies units developed by the CLT with HOME funds
- Must be resold to eligible homebuyer within 12 months with period of affordability continuing
- Additional HOME may not be provided to CLT for repurchase, but PJ may provide additional HOME as direct assistance to subsequent buyer, which may extend affordability period




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 **Owner-Occupied Rehabilitation**

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Beyond overarching issues addressed earlier like property standards...

No revisions specific to owner-occupied rehabilitation activities



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§92.2



CHDO Board Requirements

Expands who counts for 1/3 **minimum** low-income board representation to include:

- “Designees of nonprofit organizations in the community that address the housing or supportive service needs of low-income residents or residents of low-income neighborhoods”
- “Low-income beneficiaries of HUD programs”
 - Mostly rhetorical clarification, would fit within “low-income community residents”
- “Designees” rather than “elected representatives of “low-income neighborhood organizations”

Narrows who counts against **maximum** 1/3 public officials/employees to:

- Officials/employees of the PJ and
- If applicable, official/employees of the governmental entity that created the CHDO

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§92.2

CHDO Capacity

Broadens lens for assessing CHDO capacity requirement, allowing consideration of:

- Board members/officers of the organization that are volunteers
- Still requires CHDO to have paid staff, board members may *supplement* staff capacity

Explicitly points to capacity from projects assisted with Federal funds, LIHTC, FHLB-AHP, or state/local affordable housing funds

- Prior language spoke only to projects assisted with HOME funds – *mostly rhetorical*

Explicitly permits award of CHDO operating assistance to obtain staff capacity necessary for designation, see §92.300(b)

- Corrects drafting error from 2013, informal guidance had allowed this since that time



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Can **not** be applied to prior projects.

§92.300(a)

CHDO Project Roles

CHDO as “**developer**” of rental or for-sale housing

- CHDO may “*share*” development responsibility with another entity, including for-profit
 - Previous language pointed to being in “sole charge”
- CHDO “**must be in charge of all aspects** of the development process, including”
 - Site selection, obtaining permit approvals and financing, selecting development team, overseeing progress, etc.

CHDO as **sponsor** of rental housing (CHDO affiliate)

- CHDO or its wholly-owned subsidiary must be “**managing general partner**” or “**managing member**”
 - Previous language said “sole general partner” or “sole managing member”

For **rental housing** developed or sponsored by CHDO

- **If** PJ determines and documents that CHDO no longer has capacity to own/manage the project for full POA and there are no other CHDOs within the jurisdiction with capacity
- PJ may permit transfer of project w/ HOME restrictions to another entity with capacity
- Not applicable to “owner” role (would require HUD waiver)



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FINAL JEOPARDY!
POTPOURRI

JEOPARDY!



Other Administrative Items

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\$92.502

IDIS



Explicitly requires PJ to enter complete project set-up information before funding an IDIS activity (aka a "HOME project"), see §92.502(b)

- Reminder: Since 2021, IDIS requires PJ enter written agreement execution date



This one's bigger than it looks

- Removes requirement for project completion reporting within 120 days of final draw
 - Rental POA still measured from project completion date
 - 4-year completion deadline unchanged

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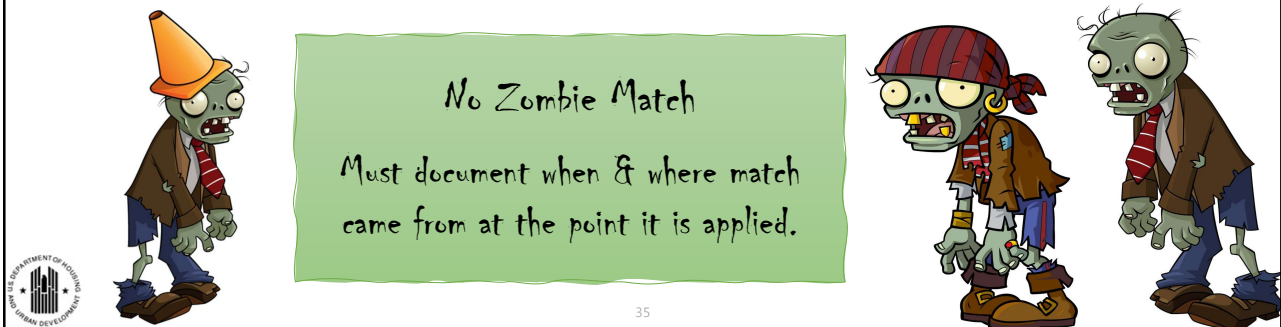
§92.221

Excess Match

Clarifies requirements for excess (aka "carry over") match

PJ must

- Maintain documentation supporting source, eligibility, and value of match carried forward from prior years at the time it applies the contribution toward obligation
- Maintain those records for 5 years beyond when it applies that match credit to current liability



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Other Items to Note

Clarifies that program income includes repayments of grants, loans, or investments made after the period of affordability (POA), see definition at §92.2

- Receipt of program income is not bound by specific timeframes such as POA or grant closeout
- Program income can be received at "any time"

Pre-award cost provisions at §92.212(b)(2) when federal appropriations delayed

Conflict of interest provisions at §92.356

- Revises meaning of "public disclosure" providing expanded methods, requiring use of at least two
- Explicitly adds exception consideration factor for whether an opportunity was provided for open competitive bidding or negotiation

Addresses formula reallocations following voluntary grant reductions, see §92.454

Provides grant closeout procedures at §92.507



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\$92.101

Consortia Clarifications

Clarifies relationship between lead entity and consortium members

- Lead entity is the PJ and the member receiving HOME is a subrecipient
- All subrecipient requirements apply – written agreement, monitoring, etc.

Clarifies impact of changes in consortium membership

- Change in lead entity but membership of consortium does not change → same PJ
- Change in lead entity AND change in membership of consortium → new PJ

Units of general local government separated by body of water may be considered geographically contiguous under defined circumstances

- Must be part of same housing market and local commuting area

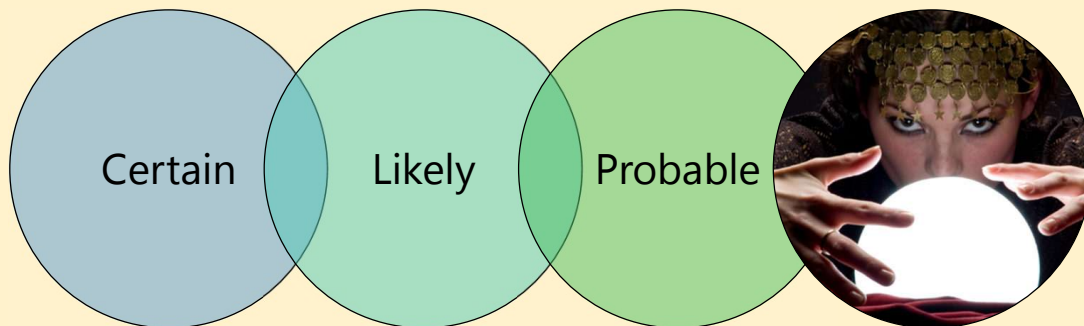


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Year Ahead...



People will need housing

Federal Register notice(s):

- NSPIRE items applied to HOME/HTF
- Addl extensions of effective/compliance dates?

Further HUD training:

- Expect most to be online

Other implementation resources

- Applicability charts
- Section by section summary

Potential legislative action

- HOME reauthorization/modernization
- BABA exemption
- **NCDA helping to lead this charge**

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