HOME Investment Partnerships Program FAQ

What is HOME?

The HOME Investment Partnerships Program (HOME) provides grants to state and local governments to produce affordable housing for low-income families. States and localities target flexible HOME funds to the particular needs of their communities — new production where units are scarce, rehabilitation where housing quality is a challenge, and the right mix of rental and homeownership housing. This flexibility also means that states and communities can quickly react to changes in their local housing markets.

Since 1992, more than 1.31 million units of housing have been produced with HOME funds. HOME funds also have helped more than 369,000 families through tenant-based rental assistance. HOME frequently provides critical gap financing to make affordable rental housing funded with Low Income Housing Tax Credits (Housing Credit) or other federal, state, and local housing projects feasible and allows the housing produced to reach even lower income populations.

This cost-effective program leverages more than $4.44 in public and private resources for every $1 spent. The HOME Coalition estimates this investment has supported more than 1.8 million jobs and generated $118 billion in local income.

Whom does HOME serve?

All HOME funds must be used to benefit low-income families [at or below 80 percent of area median income (AMI)], and 90 percent of rental funds must benefit very low-income families (at or below 60 percent of AMI). HOME has consistently exceeded these requirements by assisting families with incomes below the HOME limits. For example, 59 percent of those assisted with affordable rental housing were extremely low-income families (at or below 30 percent of AMI).

HOME also uniquely empowers states and localities to respond to the housing needs they judge most pressing, allowing them to serve the whole spectrum of need, from homeless to ownership to disaster recovery assistance, from urban to rural areas, and all low-income populations, including families with children, the elderly, and people with special needs. For example, HOME funds provided essential gap financing in more than a quarter of Housing Credit developments targeted to addressing homelessness from 2003 to 2017.

Why is HOME necessary?

HOME's flexibility allows states and localities to decide how best to use scarce HOME funds to meet their most urgent affordable housing needs. HOME often provides the early money necessary to get developments off the ground or the final critical gap financing while private lenders, equity investors, Housing Credit allocations, and other resources come together.

Adequate funding is even more critical this year as we anticipate HOME will be needed to provide additional gap financing in Low Income Housing Tax Credit (Housing Credit) deals impacted by lower corporate tax rates enacted as part of tax reform, to help finance more Rental Assistance Demonstration (RAD) deals as the FY 2018 omnibus doubled the cap on public housing units eligible to convert, and as states and localities across the country redirect their HOME funds to respond and rebuild after natural disasters.

What is the economic impact of HOME?

For every $1 billion in HOME funding, approximately 17,870 jobs are created or preserved. Moreover, every HOME dollar leverages $4.44 of additional investment in affordable housing. The HOME Coalition estimates this investment has supported more than 1.8 million jobs and generated $118 billion in local income.

How does HOME work?

HOME can be used to support both rental housing and homeownership. It can be used for new construction, rehabilitation, down payment assistance, and tenant-based rental assistance. HOME's flexibility allows states and localities to tailor it to their unique needs. At least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a specific type of nonprofit called a Community Housing Development Organization (CHDO).

HOME rental units must remain affordable to low-income families for a period of 5 to 20 years, depending on the type and amount of HOME assistance they receive. New construction rental units must remain affordable for 20 years. Ownership properties must remain a family's principal residence for a period of up to 15 years, depending on the amount of HOME assistance they receive.

Who administers the HOME program?

State and local governments — called participating jurisdictions (PJs) — administer HOME. PJs are responsible for managing the day-to-day operations of their HOME programs, ensuring that HOME funds are used in accordance with all program requirements and written agreements, and taking appropriate action when performance problems arise. PJs must also match a minimum of 25 cents of every HOME dollar they use.

HOME is overseen by the U.S. Department of Housing and Urban Development (HUD). HUD allocates 60 percent of HOME funds to local PJs and 40 percent of HOME funds to state PJs, including 38 state HFAs, according to a needs-based formula. HUD monitors the PJs for program compliance, enforces HOME program rules and regulations, and generates multiple reports on PJ activity.

What is the current funding level for HOME?

Despite its success, the HOME program has been underfunded for years — cut nearly in half between FY 2010 and FY 2017. In FY 2018, Congress funded HOME at $1.362 billion — a significant step in restoring some of these cuts. After a slight dip to $1.25 billion in FY 2019, Congress was able to provide $1.35 billion for HOME in FY 2020 — marking the second highest allocation since FY 2011.

NCSHA urges HUD to fund HOME at least at $1.5 billion in FY 2021.

What should Congress do to improve HOME?

HOME has a proven record as a highly successful program, creating rental and homeownership opportunities for tens of thousands of low-income families every year. Communities use these resources wisely, and advances have been made to make HOME grantees even more accountable in recent years.

Congress should support the positive outcomes of the HOME program by providing an appropriation of at least $1.5 billion in FY 2021.

Congress should also work to increase program flexibility, improve efficiency, and eliminate needless bureaucracy. NCSHA and the HOME Coalition call on Congress to permanently eliminate HOME's 24-month commitment deadline, which has proven both overly restrictive and redundant. As part of the FY 2020 Appropriations Act, Congress extended a temporary suspension of this commitment deadline, including for CHDOs, through 2022. Congress should also align the HOME program with the Housing Credit by replacing the CHDO set-aside with a nonprofit set-aside, as required in the Housing Credit program. This will allow more nonprofit entities to qualify, reduce administrative burden, and better align HOME and the Housing Credit.