



National Council of  
State Housing Agencies

April 25, 2025

The Honorable Mike Flood  
Chairman  
Subcommittee on Housing and Insurance  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Emmanuel Cleaver  
Ranking Member  
Subcommittee on Housing and Insurance  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

RE: Request for Input on Potential Statutory Changes to the HOME Investment Partnerships Program

Dear Chairman Flood and Ranking Member Cleaver:

The National Council of State Housing Agencies (NCSHA),<sup>1</sup> on behalf of its state Housing Finance Agency (HFA) members, respectfully submits the following recommendations for potential statutory and regulatory improvements to the HOME Investment Partnerships program (the HOME program). Forty-five state and territorial HFAs administer the HOME program as either Participating Jurisdiction or subrecipient, and we greatly appreciate this bipartisan effort to improve the nation's flagship affordable housing grant program.

***Challenges/Administrative Burden:*** *What are the greatest challenges to using HOME funds effectively in projects? What administrative and regulatory burdens most impact efficient utilization of HOME funds? Are there HOME statutory or regulatory requirements that are unnecessarily complicated? Are there HOME statutory or regulatory requirements that can be modified, expanded, or removed to reduce administrative burdens for grantees? Are there HOME statutory or regulatory requirements that should be revisited to better align with other federal housing or community development programs? What statutory or regulatory requirements should be amended to reduce burdens for grantees in reserving a share of HOME funds for Community Housing Development Organizations?*

There are a number of statutory and regulatory burdens that impact the ability of state HFAs and their partners to efficiently administer the HOME program and maximize their ability to use HOME funds to produce and preserve units of affordable housing for rental and purchase and to support homebuyers and renters. We identify a number of those barriers here, many of

---

<sup>1</sup> NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

them cross-cutting federal requirements that apply to HOME, and offer recommendations to alleviate or eliminate them.

### Buy America, Build America

The Infrastructure Investment and Jobs Act (IIJA)<sup>2</sup> established “Buy America, Build America” (BABA) requirements for the procurement of domestic goods and materials for certain infrastructure investments supported by federal financial assistance. The previous administration determined that these requirements apply to a number of programs that support development of affordable housing, including the HOME program. Supporting U.S.-sourced products and services where possible is an important goal. In the case of HOME, however, these BABA requirements have already begun to significantly increase the cost of production of new units of affordable housing, as well as create new administrative challenges for grantees and developers alike.<sup>3</sup>

*Recommendation:* Eliminate BABA requirements for projects using HOME program funds. If elimination is not possible, we urge you to increase the unit threshold for BABA applicability to at least 50 or more units to ensure these requirements apply only to large-scale projects and developers with greater capacity to accommodate them.

### Davis-Bacon/Prevailing Wage

Projects that contain 12 or more units supported by HOME funds must adhere to Davis-Bacon prevailing wage requirements.<sup>4</sup> Even when the wages developers pay their workers or local minimum wage laws would otherwise meet or exceed prevailing wage requirements, the administrative burden associated with documenting Davis-Bacon compliance is very high.<sup>5</sup> Often, only the most sophisticated developers—often working in large urban areas—have the resources and expertise needed to comply with Davis-Bacon. In most cases, this has the practical effect of artificially limiting the number of HOME-supported units in any particular development to 11, creating disincentives for smaller developers working in underserved communities and preventing the most efficient allocation of limited resources and depressing the number of affordable housing units placed into service.

*Recommendation:* Eliminate these requirements for HOME projects. At a minimum, we urge you to significantly increase the threshold of HOME units that trigger Davis-Bacon requirements in a given development to 50 or more units.

---

<sup>2</sup> P.L. 117-58.

<sup>3</sup> One member HFA estimates that BABA compliance will increase developers’ administrative costs by approximately 8-10 percent and construction costs by an additional 10 percent of the total project cost.

<sup>4</sup> 42 U.S.C. 12836.

<sup>5</sup> According to one HFA, each week, every contractor, including all subcontractors working on a job site must turn in complete payroll records for review. This places significant administrative burden on grantees, developers, contractors, and subcontractors alike. Most grantees, developers, and contractors hire third-party consultants to oversee compliance, which increases administrative and project costs.

In addition, NCSHA recently provided [comments to the Department of Labor](#) on Davis-Bacon regulations which provide additional recommendations for how to streamline these requirements for federally-supported housing programs; Congress should facilitate implementation of these or related changes.

### Section 3

Similar to Davis-Bacon, Section 3 requirements (regarding the use of qualifying low- or very-low-income workers or business concerns owned by such individuals) apply to projects when the aggregate amount of certain HUD funding exceeds a certain threshold, in the case of HOME, \$200,000. In practical terms, this has the effect either of creating an artificial limit on the amount of HOME funding that can be used in any particular project or creating significant administrative burden for projects that exceed that amount.<sup>6</sup>

*Recommendation:* Convert the threshold at which Section 3 requirements attach to a project from the amount of funding to a unit threshold to align it with the Davis-Bacon requirement mentioned above, or eliminate Section 3 requirements for HOME projects altogether.

### Environmental Reviews

HUD places limits on the types of activities (so-called “choice limiting activities”), including site acquisition, signing a construction or abatement contract, purchasing construction materials, or starting demolition or abatement activities, that can be performed prior to the completion of the environmental review process.<sup>7</sup> Unfortunately, the environmental clearance can often take a year or longer to complete and achieve HUD certification which leads to unnecessary costs, as developers are precluded from taking advantage of favorable market conditions to acquire suitable property for affordable housing developments or making a deposit and locking in prices for materials.

*Recommendations:* Allow developers to undertake certain activities at their own risk (such as signing a conditional purchase and sales agreement contingent on environmental review clearance; limited demolition and/or environmental abatement actions; and procurement of certain materials) prior to completion of the environmental review. Allow developers to incorporate federal resources into the capital stack after a project has completed an environmental review without triggering a subsequent, duplicative environmental review. Eliminate environmental review requirements for existing projects undergoing rehabilitation.

---

<sup>6</sup> One HFA notes that the administrative burden associated with Section 3 compliance also falls on grantees, developers, general contractors, and subcontractors and adds approximately 6-8 percent to the total project cost. Further complicating compliance efforts, in certain parts of the country, there are very few if any Section 3 certified contracting businesses; moreover, the [Section 3 Business Registry/Opportunity Portal is no longer available and HUD states there are no plans to replace it.](#)

<sup>7</sup> 24 CFR Part 58.22.

## Community Housing Development Organizations

The HOME program is unique in that grantees are required to set aside 15 percent of their annual allocation for special non-profits known as Community Housing Development Organizations (CHDOs).<sup>8</sup> Congress created the concept of CHDOs because it hoped to use HOME to encourage the creation of more small nonprofit entities with close ties to their communities. However, many communities have struggled to stand up CHDOs, particularly as obtaining CHDO certification and maintaining it throughout the period of affordability has proven to be difficult.

Even now, decades after HOME's enactment with millions of dollars spent on CHDO operating assistance many parts of the country still lack high capacity CHDOs, whereas there are many nonprofit entities that cannot qualify as CHDOs but have the capacity to develop the housing we desperately need. Because of these challenges, in recent years, Congress has been forced to include in annual appropriations legislation language allowing PJs to role unspent CHDO set-aside dollars into their general HOME trust fund after 24 months if it cannot be used by CHDOs. While this strategy has meant that these resources may be used eventually for affordable housing activities, it delays housing production for two years at a time when we desperately need more affordable housing.

The most important goal of the HOME program should be to increase the supply of affordable housing through the most efficient means possible, regardless of whether participating nonprofit developers check the boxes needed to qualify as a CHDO.

*Recommendation:* Congress should replace the statutory CHDO set-aside requirement with a simple non-profit set-aside requirement. This would better align the HOME program with the Low-Income Housing Tax Credit (Housing Credit) Program, which has a 10 percent set-aside for nonprofits.

At a minimum, Congress should codify the current practice of allowing CHDO set-aside funds to be returned to the PJ if they are not able to be used within 24 months.

*Eligible activities:* Are there activities that are not currently eligible under HOME, or eligible under another federal program, but are critical to meeting one of the programs stated objectives? Are there activities or categories of activities that are currently eligible under HOME that should be expanded, eliminated, restricted, or otherwise amended?

## Property Standards for Rehabilitation Activities

Some HFAs have indicated interest in using HOME funds to develop targeted rehabilitation programs, such as for accessibility improvements to allow older homeowners to age in place, or

---

<sup>8</sup> 42 U.S.C. 12771 et. seq.

for emergency repairs after a disaster. However, current HUD regulations<sup>9</sup> require that HOME-assisted rehabilitation projects must bring the entire property up to strict Minimum Property Standards (MPS), which sometimes makes these targeted repair and rehabilitation initiatives cost-prohibitive.

*Recommendation:* Establish exemptions from whole-property MPS requirements to allow PJs to better support emergency repairs in disaster recovery situations or for targeted homeowner rehabilitation initiatives.

### *Other questions*

*How might HOME per-unit subsidy limit requirements be amended to better align with the program's stated objectives?*

As construction costs remain elevated, we support HUD's efforts in its 2025 Final Rule to increase the maximum per-unit HOME subsidy to 270 percent of the current section 234 limitation.

*How might HOME requirements for qualification as affordable housing be amended to better align with the program's stated objectives?*

With respect to rental housing, HUD took important steps in the 2025 Final HOME Rule to better align HOME rent limit requirements with those of other housing resources with which HOME is often used, specifically by allowing a project owner to charge the rent permissible under the Housing Choice Voucher, project-based voucher, or project-based rental assistance programs, even where that rent amount exceeds the applicable HOME rent limits. We believe these changes will not only make it simpler to manage these projects, but in some cases could also make them more sustainable over the long term as capital and operational costs increase.

With respect to homeownership activities, we support HUD's proposal in its 2025 Final HOME Rule to establish model resale formulas to provide clarity for PJs seeking to use the resale option for homeownership. As HUD develops those resale formulas, HUD should seek to balance the need for the unit to remain affordable with the opportunity for the original homebuyer to realize a fair return on their investment.

In addition, under current law, homeownership support using HOME funds, such as down payment assistance (DPA), is only available for properties up to 95 percent of area median sales price.<sup>10</sup> In many markets, this effectively makes HOME unusable for these important homeownership activities, despite the fact that potential homebuyers are already subject to income limits to receive HOME assistance.

---

<sup>9</sup> 24 CFR 92.251; 24 CFR 200.926.

<sup>10</sup> 42 U.S.C. 12745(b)(1).

*Recommendation:* Congress should consider enacting further statutory exemptions from resale restrictions and repayment requirements in certain circumstances, including for HOME-assisted properties for members of the armed forces or National Guard who are called up to deploy or receive a permanent change of station, or to allow the heir or beneficiary of a deceased HOME-assisted homeowner to inherit the property without penalty, provided the heir or beneficiary uses the property as his or her principal residence and assumes the duties and obligations of the deceased owner.<sup>11</sup> Congress should also raise the statutory limit for homeownership support to 110 percent of area median sales price, with additional discretionary authority provided to the Secretary to increase this amount through notice.<sup>12</sup>

*How should the HOME program's requirements work in conjunction with LIHTC? What pain points emerge when using LIHTC and HOME together on a project?*

Considering nearly 60 percent of HOME rental units are in Housing Credit projects, every effort should be made to streamline and align requirements between HOME and the Housing Credit. Pain points emerge between these programs when cross-cutting requirements such as the ones mentioned earlier (BABA, Davis-Bacon, Section 3) are imposed on the use of HOME resources, as the Housing Credit is not subject to such requirements. Eliminating or substantially reducing the incidence of these requirements as recommended above would help better align HOME and the Housing Credit. Also, as noted above, we support changing the CHDO set-aside to a non-profit set-aside for greater consistency with the Housing Credit.

*What portions of the HOME Final Rule, as published in the Federal Register on January 6, 2025, were helpful changes for your organization? What portions of the HOME Final Rule were not helpful changes for your organization?*

NCSHA is generally very supportive of the 2025 Final HOME Rule, and we are pleased the administration has allowed nearly all provisions to take effect as of April 20, 2025, with a compliance date of April 20, 2026. In particular, as mentioned above, we appreciate efforts to align the maximum allowable rent under HOME with other federal housing programs, to provide higher maximum per-unit subsidy limits, to make it easier for nonprofit organizations to qualify as CHDOs, and to establish model resale formulas to provide clarity for program participants seeking to use the resale option for homeownership.

In addition, we support changes in the 2025 Final HOME Rule that permit HOME-assisted project owners to use a local public housing authority's utility allowance, to permit ownership of rental housing developed or sponsored by a CHDO to be transferred to a non-CHDO entity in cases involving bankruptcy or decrease in capacity by the CHDO, and to extend the deadline for the sale of homebuyer units supported with HOME funds from nine to 12 months.

---

<sup>11</sup> HOME Investment Partnerships Reauthorization and Improvement Act of 2025, S. 948/H.R. 2031, Section 203.

<sup>12</sup> HOME Investment Partnerships Reauthorization and Improvement Act of 2025, S. 948/H.R. 2031, Section 201.

***Specific ideas for statutory and regulatory changes:** If you have specific recommendations for statutory or regulatory changes to the HOME program that are not covered in your responses to the questions above, what are they?*

### Increase Program Administration Resources

HOME PJs including state HFAs devote considerable resources and time to program administration but are limited to 10 percent of available funds to cover these costs.<sup>13</sup> As project portfolios expand and program compliance grows more complicated, however, many PJs are forced to cover HOME program administration costs using other limited resources.

*Recommendation:* Increase the statutory cap on HOME program administration costs from 10 percent to 20 percent, and allow additional administrative expenses that exceed the administrative cap to count towards the local match.<sup>14</sup>

### HOME Property Inspections

HOME PJs are required to monitor properties for compliance with state or local codes.<sup>15</sup> In the case of statewide PJs like state HFAs, this can require grantees to understand and ensure compliance of all properties within their portfolio with potentially dozens or more local codes, any of which could change between inspections. On the other hand, many other housing programs, including those at HUD, the U.S. Department of Agriculture, and the Housing Credit, have sought to create a single uniform standard for ensuring the habitability and safety of affordable housing. Because of the unique requirement for HOME properties to adhere to local codes as opposed to the consolidated standard now known as the National Standard for Physical Inspection of Real Estate (NSPIRE), it is often difficult to blend HOME funds into developments that use these other important federal resources.

*Recommendation:* While the January Final HOME Rule took steps towards alleviating the administrative burden of this duplicative inspection regime, Congress should amend the HOME statute itself to explicitly allow state PJs to elect to use either the applicable state or local standard or the NSPIRE standard or another uniform national standard recognized by HUD and other federal agencies.<sup>16</sup> In the event the PJ chooses to use the national standard, the PJ should still require owners to certify that properties meet local codes, but the PJ itself should not be required to inspect properties for compliance with local codes.

---

<sup>13</sup> 42 U.S.C. 12742(c).

<sup>14</sup> HOME Investment Partnerships Reauthorization and Improvement Act of 2025, S. 948/H.R. 2031, Section 102.

<sup>15</sup> 42 U.S.C. 12756(b).

<sup>16</sup> HOME Investment Partnerships Reauthorization and Improvement Act of 2025, S. 948/H.R. 2031, Section 204.

## Repayment of HOME Funds

HOME funds become repayable in the event that HOME-supported housing no longer qualifies as affordable.<sup>17</sup> However, HUD repayment regulations<sup>18</sup> go beyond statutory requirements by directing PJs to repay all HOME funds if at any point during the affordability period a property in which those funds were invested falls out of compliance with program rules, regardless of how long the development was in compliance. PJs do their best to recapture HOME funds from noncompliant properties to repay HUD; however, sometimes it is impossible for those properties to repay the funding, and PJs are left with the repayment responsibility.

Moreover, requiring repayment of all invested HOME funds in a property if the property goes out of compliance at any point during the affordability period is a disincentive for undertaking certain types of development, which may have more risk associated with them. For example, deeply targeted developments, such as permanent supportive housing, may be riskier than developments that charge rents at or just below the HOME program rent limits. Therefore, the repayment requirement may act as a disincentive to finance priorities such as permanent supportive housing.

*Recommendations:* Amend the HOME statute to allow proration in the repayment of HOME funds, which would better align the programs with the Housing Credit program (if a Housing Credit property falls out of compliance within the first 15 years of the affordability period, for instance, the Internal Revenue Service may recapture Housing Credits from investors on a prorated basis.) Expand HUD's authority to waive repayment of HOME funds in cases where the project is no longer financially viable due to unforeseen circumstances.<sup>19</sup>

## HUD Planning and Reporting Requirements

HUD requires grantees administering certain programs, including HOME, CDBG, and the Housing Trust Fund (HTF), to develop plans and reports on their use of these resources.<sup>20</sup> Specifically, grantees are required to develop a five-year Consolidated Plan, an Annual Action Plan for each year covered by the Consolidated Plan, and to report on progress towards Consolidated Plan goals in a Consolidated Annual Performance and Evaluation Report (CAPER). However, requiring both a five-year Consolidated Plan and Annual Action Plans is duplicative. The five-year plan and annual performance reports should be sufficient to identify the intended use of the federal funds and the grant period of performance.

*Recommendation:* Eliminate the requirement for PJs to submit an Annual Action Plan, as this information is already captured in the five-year Consolidated Plan.

---

<sup>17</sup> 42 U.S.C. 12749.

<sup>18</sup> 24 CFR 92.252(e).

<sup>19</sup> HOME Investment Partnerships Reauthorization and Improvement Act of 2025, S. 948/H.R. 2031, Section 201.

<sup>20</sup> 24 CFR Part 91.

### Eliminating Commitment Deadline

PJs are subject to a 24-month deadline to commit HOME funds.<sup>21</sup> However, in certain circumstances, this may not provide adequate time for proper oversight and underwriting of proposed developments. Moreover, HOME also has a four-year project completion deadline, which ensures timely outcomes for the program, making the separate commitment deadline unnecessary. In recognition of these changes, since FY 2017, annual Transportation, Housing, and Urban Development (THUD) appropriations bills have suspended the 24-month commitment deadline.

*Recommendation:* Eliminate the 24-month commitment deadline for HOME funds to codify what Congress is already doing in annual appropriations legislation.<sup>22</sup>

### Appropriate Amount of Homeowner Assistance

HUD requires that PJs establish a method for determining “the appropriateness of the amount of assistance” for each household receiving homeownership assistance.<sup>23</sup> This has historically been interpreted to mean the PJ needs to determine an appropriate amount of subsidy for each individual buyer.

PJs have adopted a number of different standards for determining the appropriate homebuyer assistance level. The variation has led to confusion among lenders, and in some cases, made it difficult for PJs to market their homebuyer assistance programs both to lenders and prospective homebuyers because they do not know how much assistance they will be able to provide a homebuyer until the home is purchased and mortgage amount is set.

*Recommendation:* HUD should establish a maximum amount of assistance that can be provided to homebuyers through HOME. Any amount provided under that limit would be considered appropriate. One possible approach would be for HUD to cap the amount of assistance at a set percentage of the median home sales in the market in which the home is located.

### Lender Fees

PJs providing home purchase assistance “must determine that the fees and other amounts charged to the family by the lender for the first mortgage financing are reasonable.”<sup>24</sup> The regulations provide no clarification on what is meant as “reasonable,” leading to conflicting interpretations between PJs and HUD Field Offices.

---

<sup>21</sup> 42 U.S.C. 12748(g).

<sup>22</sup> HOME Investment Partnerships Reauthorization and Improvement Act of 2025, S. 948/H.R. 2031, Section 202.

<sup>23</sup> 24 CFR 92.254(f).

<sup>24</sup> 24 CFR 92.254(a)(3).

*Recommendation:* HUD should establish a safe harbor that allows the reasonable fee standard to be met if the loan meets CFPB's QM definition, a standard that caps lender fees at 3 percent of the mortgage amount for most loans.

***Other comments:** Our questions are not exhaustive. If there's something else about the HOME program that you would like to highlight, please share it with us.*

Perhaps the single most impactful change Congress could make to improve the HOME program would be to increase the amount of annual appropriations provided for the program. NCSHA chairs the [HOME Coalition](#), a group of over 800 national, state, and local organizations that advocate for increased resources for the HOME program. In recognition of the challenging fiscal environment for Congress, for Fiscal Year 2026, the HOME Coalition is asking appropriators for at least \$1.5 billion; however, this is nowhere near enough. HOME is HUD's flagship affordable housing production program. For three decades, it has been one of the most effective and flexible tools states and localities have to meet their affordable housing needs, including rental home production and preservation, single-family home construction, homeowner rehabilitation, and tenant-based rental assistance. In the current economic environment, with housing costs historically high and low-income households suffering, it is more important than ever for Congress to provide significant resources for this essential program.

We thank you for your consideration of these recommendations, and look forward to working with you to improve the HOME Investment Partnerships program. If you have any questions about any of these recommendations or would like to discuss further, please contact Robert Henson at [rhenson@ncsha.org](mailto:rhenson@ncsha.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long horizontal flourish extending to the right.

Garth Rieman  
Director of Housing Advocacy and Strategic Initiatives