



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 5, 92, 93, 570, and 574

[Docket No. FR-6057-N-07]

RIN 2577-AD03

**Housing Opportunity Through Modernization Act: Implementation of Sections 102 and 104; Further Extension of Compliance Date** AGENCY: Office of the Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development (HUD).

**ACTION:** Final rule; extension of compliance date.

**SUMMARY:** This document further extends the compliance date for HUD's final rule entitled Housing Opportunity Through Modernization Act of 2016: Implementation of Sections 102 and 104 (HOTMA final rule) for Community Planning and Development (CPD) programs.

Specifically, HUD is extending the compliance date for the HOME Investment Partnerships program (HOME), HOME-American Rescue Plan program, Housing Trust Fund (HTF), Housing Opportunities for Persons With AIDS (HOPWA), Community Development Block Grant program (CDBG), Emergency Solution Grants (ESG), Continuum of Care (CoC) programs, and CPD programs funded through competitive processes (Competitive Programs). This action is necessary to allow additional time for HUD to finalize necessary system updates and for CPD grantees to fully incorporate the new income and asset requirements into their programs.

**DATES:** The compliance date for the final rule published February 14, 2023, at 88 FR 9600, as previously extended, is further extended until January 1, 2027.

**FOR FURTHER INFORMATION CONTACT:** For HOME and the HTF, Milagro Fisher, Senior Affordable Housing Specialist, Office of Affordable Housing Programs, at telephone (202) 708-2684, Room 7160; for HOPWA, Lisa Steinhauer, Senior Program Specialist, Office of

HIV/AIDS Housing, at telephone (215) 861-7651, Room 7248; for CDBG, B. Cory Schwartz, Deputy Director, Office of Block Grant Assistance, at telephone (202) 402-4105, Room 7282; for the ESG and CoC programs: Norm Suchar, Director, Office of Special Needs Assistance Programs (SNAPs), telephone (202) 708-5015, Room 7262. The mailing address for each office contact is Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410-7000. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit: <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

## **SUPPLEMENTARY INFORMATION:**

### **I. Background**

On February 14, 2023, HUD published the HOTMA final rule (88 FR 9600), which established revisions to HUD's income regulations at 24 CFR parts 5, 92, 93, 570, and 574, affecting various CPD programs. The effective date for these revisions was January 1, 2024.

Due to delays in the necessary updates to HUD's internal systems and providing CPD grantees with sufficient time to incorporate the changes into their program policies, HUD previously published two extensions. The most recent extension, published on December 31, 2024 (89 FR 106998), extended the compliance date for CPD grantees to January 1, 2026. In addition, HUD permitted CPD grantees the flexibility to implement applicable HOTMA income safe harbors (e.g., 24 CFR 5.609(c)(3), 24 CFR 92.203(a) or 24 CFR 93.151(a)) prior to full implementation deadline of the HOTMA final rule.

On January 6, 2025, HUD published the final rule (FR-6144-F-03), titled "HOME Investment Partnerships Program: Program Updates and Streamlining" (the 2025 HOME final rule). This rule extended the HOTMA compliance date for the HOME program until February 5, 2026, or later, as determined by HUD in 24 CFR 92.3. On February 3, 2025, HUD delayed the effective date of some elements of the HOME final rule, including changes to the income

regulations at 24 CFR 92.203, until April 20, 2025, and delayed the required compliance date of those provisions until April 20, 2026.

The 2025 HOME final rule expanded the income safe harbors in 24 CFR 92.203 to include additional forms of public assistance and expanded the entities from which PJs may accept income determinations for rental projects, including small scale projects and HOME funded tenant-based rental assistance programs. Additionally, it reduced the frequency of income determinations in TBRA programs.

## **II. Further Extensions of the HOTMA Final Rule Compliance Date and Expanded Income Safe Harbors**

HUD has determined that a further extension of the HOTMA final rule is necessary. Despite the prior extension of the HOTMA final rule, additional time is required for HUD to complete the complex programming and testing of its systems that support CPD programs to ensure full compliance with all of the HOTMA final rule provisions. Furthermore, CPD grantees will require additional time after HUD's system updates and final guidance are released to integrate these changes into their local program operations, update their own software, and train staff.

Therefore, in recognition of these ongoing operational issues and the need for a smooth, effective transition, HUD is exercising its authority to further extend the compliance deadline for the HOTMA final rule. CPD grantees may continue to set their own compliance dates as early as January 1, 2024, but must be in full compliance no later than the date established by this document.

As in the prior extension of the HOTMA final rule's compliance date, HUD is permitting CPD grantees the choice to implement applicable income safe harbors in 24 CFR 5.609(c)(3). Additionally, HUD is permitting HOME PJs the choice to implement all expanded income safe harbors and flexibilities described in 24 CFR 92.203 of the 2025 HOME final rule without implementing the remaining provisions of the regulations updated by the HOTMA final rule.

Lastly, HUD reminds CPD grantees and project owners to comply with the most recent publication of the Federally Mandated Exclusions from Income (FR-6410-N-01), published on January 31, 2024, when making income determinations, even if they have not yet implemented the HOTMA final rule.

### **III. Conclusion**

Accordingly, HUD extends the January 1, 2026, compliance date for implementing the changes made by the HOTMA final rule to 24 CFR parts 5, 92, 93, 570, and 574 for the CPD programs described in this document until January 1, 2027. Until this date, CPD grantees may continue to adhere, as applicable, to the requirements found in both their program regulations and the regulations at 24 CFR 5.603, 24 CFR 5.609, 24 CFR 5.611, and 24 CFR 5.617 as they existed prior to January 1, 2024.

Authority: 42 U.S.C. 3535(d).

**Bryan W. Horn,**

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Office of Community Planning and Development

[FR Doc. 2025-23989 Filed: 12/29/2025 8:45 am; Publication Date: 12/30/2025]