



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 91 and 92

[Docket No. FR-6144-P-09]

RIN 2506-AC50

HOME Investment Partnerships Program: Further Program Updates and Streamlining

AGENCY: Office of the Secretary, U.S. Department of Housing and Urban Development (HUD).

ACTION: Supplemental notice of proposed rulemaking; re-opening of comment period.

SUMMARY: This supplemental notice of proposed rulemaking re-opens public comment for certain topics and provisions that were addressed in HUD's May 29, 2024, proposed rule entitled "HOME Investment Partnerships Program: Program Updates and Streamlining." Among other changes, this supplemental notice of proposed rulemaking proposes to revise or revoke previously-proposed tenant protection provisions permitting participating jurisdictions to exceed the maximum per-unit subsidy for projects that met certain green building standards. This supplemental notice of proposed rulemaking would also create additional flexibilities related to scattered site manufactured housing rental projects.

DATES: The comment period for specific topics in the proposed rule published on May 29, 2024 (89 FR 46618), and topics discussed in this supplemental notice of proposed rulemaking, is re-opened. The due date for comments on the topics discussed in this supplemental notice of proposed rulemaking is [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: There are two methods for submitting public comments. All submissions must refer to the above docket number and title.

1. Electronic Submission of Comments. Comments may be submitted electronically through the Federal eRulemaking Portal at 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 comments immediately available to the public. Comments submitted electronically through www.regulations.gov 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.

2. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 2415 Eisenhower Ave., Alexandria, VA 22314.

FOR FURTHER INFORMATION CONTACT: Henrietta Owusu, Director, Program Policy Division, Office of Affordable Housing Programs, Office of Community Planning and Development, U.S. Department of Housing and Urban Development, 2415 Eisenhower Ave., Alexandria, VA 22314; telephone number (202) 708–2684 (this is not a toll-free number). 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, visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION:

I. Background

The HOME Program

The HOME Investment Partnership Program (HOME program or HOME) is authorized by title II of the Cranston-Gonzalez National Affordable Housing Act¹ (the Act) and has been in operation since 1992. The HOME program provides grants to States, local jurisdictions, and consortia of local jurisdictions (collectively, participating jurisdictions) and is used, often in partnership with local nonprofit groups, to fund a wide range of activities to build, buy, or

¹ 42 U.S.C. 12721 *et seq.*

rehabilitate affordable housing for rent or homeownership or to fund direct rental assistance to low-income people. Additional background on the HOME program can be found in the HOME Investment Partnerships Program: Program Updates and Streamlining proposed rule (HOME Proposed Rule) available in the *Federal Register* at 89 FR 46618.²

The HOME Program Rulemaking

On May 29, 2024, HUD published the HOME Proposed Rule, which proposed to revise the HOME program regulations to update, simplify, or streamline requirements, better align the HOME program with other Federal housing programs, and implement recent amendments to the HOME program statute. HUD proposed numerous changes to 24 CFR part 92 in the HOME Proposed Rule, including significant revisions to the Community Housing Development Organization requirements, a change in the approach to HOME rents, simplified requirements for small-scale rental projects, enhanced flexibility in HOME tenant-based rental assistance programs, and simplified provisions and new flexibilities for community land trusts.

On January 6, 2025, HUD published the HOME Investment Partnerships Program: Program Updates and Streamlining final rule (HOME Final Rule) in the *Federal Register*, available at 90 FR 746. The HOME Final Rule incorporated a majority of the proposed regulatory changes described in the HOME Proposed Rule. The HOME Final Rule provided for the rule to take effect on February 5, 2025.

On January 20, 2025, the President issued a memorandum entitled “Regulatory Freeze Pending Review” (Regulatory Freeze Pending Review Memorandum) to executive departments and agencies.³ The Regulatory Freeze Pending Review Memorandum, among other things, asks executive departments and agencies to consider postponing the effective date of rules that had been published in the *Federal Register* but had not yet taken effect. The postponement allowed

² Published May 29, 2024.

³ Available at 90 FR 8249 (Jan. 28, 2025).

executive departments and agencies time to review any questions of fact, law, and policy that the rules may raise.

On February 3, 2025, consistent with the Regulatory Freeze Pending Review Memorandum, HUD delayed the effective date of the HOME Final Rule from February 5, 2025, until April 20, 2025.⁴ HUD's delay of the effective date of the HOME Final Rule until April 20, 2025, provided HUD with time to review the HOME Final Rule for any questions of fact, law, and policy that arose in the HOME Final Rule, as directed by the Regulatory Freeze Pending Review Memorandum.

On April 17, 2025, HUD published the HOME Investment Partnerships Program Updates and Streamlining – Delay of Effective Date, Withdrawal, and Correction (Delay of Effective Date for Certain Provisions of the HOME Final Rule Notice).⁵ The Delay of Effective Date for Certain Provisions of the HOME Final Rule Notice further delayed the effective date for the HOME Final Rule's addition of 24 CFR 92.250(c) and revisions to 24 CFR 92.253 until October 30, 2025, while allowing a majority of the HOME Final Rule to go into effect as of April 20, 2025. The Delay of Effective Date for Certain Provisions of the HOME Final Rule Notice also made certain technical revisions to the effective and compliance dates in 24 CFR 92.3 of the HOME Final Rule. The effective date was further delayed to April 30, 2026 (90 FR 48443). On April 29, 2026, the effective date was delayed indefinitely pending the publication of a future final rule.

II. This Supplemental Notice of Proposed Rulemaking

Pursuant to HUD's review of the HOME Final Rule, HUD has determined to seek further public comment on certain topics and provisions found in the HOME Proposed and Final Rules, as detailed in this supplemental notice of proposed rulemaking. Among other changes, this supplemental notice of proposed rulemaking would revise provisions related to tenant

⁴ See HOME Investment Partnerships Program: Program Updates and Streamlining-Delay of Effective Date at 90 FR 8780.

⁵ 90 FR 16085.

protections and would revoke the HOME Final Rule's unimplemented provisions related to permitting participating jurisdictions to exceed the maximum per-unit subsidy for projects that meet certain green building standards. This supplemental notice of proposed rulemaking would also create additional flexibilities related to scattered site manufactured housing rental projects. HUD's proposed changes are described more fully in each of the sections below.

Corrective and Remedial Actions: Life-Threatening Deficiencies

HUD is also proposing to change "health and safety" to "life-threatening" throughout 24 CFR 92.251(f)(5)(i). The HOME Final Rule in § 92.251(f)(5)(i) requires that all health and safety deficiencies be corrected immediately and that a participating jurisdiction adopt a more frequent inspection schedule if such deficiencies are identified during the triennial onsite physical inspection of rental housing during the HOME period of affordability. The HOME Final Rule provides an exception for small-scale housing, which permits but does not require a participating jurisdiction to adopt a more frequent inspection schedule. The requirement for immediate correction applied only to life-threatening deficiencies in § 92.251(f)(1)(ii) and § 92.504(d)(1)(ii)(B), as it existed prior to the HOME Final Rule and was inadvertently applied to all health and safety deficiencies in the HOME Final Rule. The proposed § 92.251(f)(5)(i) would revert this inadvertent broadening of the requirement by applying immediate correction only to life-threatening deficiencies. In addition, the proposed § 92.251(f)(5)(i) would apply the requirement for a more frequent inspection schedule. This proposed inspection schedule would apply only to projects in which life-threatening deficiencies are identified, while maintaining an exception for small-scale housing and adding an exception for scattered site manufactured housing as described below.

The HOME property standards in the rule as it existed prior to the HOME Final Rule and the NSPIRE final rule (88 FR 30442) relied on the deficiencies defined in HUD's Uniform Physical Condition Standards (UPCS). Through the publication of the NSPIRE final rule, HUD fundamentally changed the nature of its inspection standards. NSPIRE removed superficial and

cosmetic inspection deficiencies and frames all deficiencies in terms of health and safety concerns. For each deficiency, the NSPIRE inspection standards identify a health and safety determination of “low”, “moderate”, “severe” or “life-threatening”. Although these tiers do not apply to HOME property standards or inspections, the HOME Final Rule requires that participating jurisdictions establish a list of life-threatening deficiencies. Additionally, where state and local property condition codes and standards do not exist, participating jurisdictions must ensure that the housing remains free of the deficiencies established by HUD based on NSPIRE inspection standards. Consequently, during an onsite physical inspection of a HOME project, all deficiencies identified will be health and safety deficiencies even though some may be defined as a “low” health and safety deficiency under the NSPIRE inspection standards.

Immediate correction of all health and safety deficiencies, and therefore, all deficiencies identified during an onsite inspection is an unreasonable and infeasible standard for participating jurisdictions and property owners. Similarly, requiring more frequent inspections when any deficiency is identified creates an undue administrative burden on participating jurisdictions when the risk to tenants is low. Reversing the unintended change to “health and safety” in the HOME Final Rule at 24 CFR 92.251(f)(5)(i) and replacing it with “life-threatening” will remove the inconsistency between projects subject to different versions of the HOME rule, clarify the inspection procedure requirements, and provide a realistic timeline for correction of deficiencies. HUD believes this change also provides adequate protection for tenants. Property owners must still inspect every three years and correct all deficiencies identified although they may do so over a longer timeframe. This change is consistent with the rest of the programs covered by NSPIRE.

Scattered site manufactured housing rental projects.

HUD is proposing to add the definition of “scattered site manufactured housing rental project” to 24 CFR 92.2. HUD would define “scattered site manufactured housing rental project” to mean a rental project of individually leased manufactured housing units owned by a single

project owner. Pursuant to 42 U.S.C. 12756(c), HUD may provide streamlined procedures for monitoring compliance of “small-scale or scattered site [rental] housing” projects.

This proposed definition is consistent with the Act because manufactured housing may consist of contiguous or non-contiguous parcels under common ownership. This definition covers a manufactured housing project if the units are contiguous only. This definition will also cover non-contiguous parcels where certain manufactured housing units or lots are owner-occupied and some are renter-occupied, or where the owner intended to intersperse manufactured housing units for rent within a community. This definition and the flexibility provided would also apply to existing HOME projects to the extent that they meet the definition and that the written agreement allows for the reduction of frequency of monitoring performance.

Manufactured housing represents a cost-effective strategy to quickly increase the availability of affordable housing. Compared to site-built homes, manufactured homes offer substantial cost savings, largely due to efficiencies in procurement, production, and installation processes. According to the Harvard Joint Center for Housing Studies, the average price of a manufactured home in 2021 was \$108,100, while the average cost of a new site-built home was \$365,900. On a per-square-foot basis, manufactured housing averaged \$72, compared to \$144 for site-built housing, highlighting its affordability advantage⁶.

Despite these advantages, owners and developers of manufactured housing may not be fully participating in the HOME Program due to the complexity of program requirements and the administrative burden of compliance. The public comments support this conclusion. The Manufactured Housing Institute requested in their comment submission to the HOME Proposed Rule that HUD undertake research to determine the extent of the use of HOME funds for affordable manufactured housing and identify barriers to more use for this purpose⁷. They also

⁶ Harvard Joint Center for Housing Studies, Comparison of the Costs of Manufactured and Site-Built Housing July 2023

⁷ Comment HUD-2024-0045-0039.

noted in the comments that there was “compliance complexity” in the HOME Final Rule requirements.

Therefore, HUD is proposing to define “scattered site manufactured housing rental project” to streamline the procedures for monitoring compliance of these housing units to reduce the costs associated with owning rental projects composed of manufactured housing units. This proposal is intended to incentivize participating jurisdictions to fund a form of housing that can be easily scalable, faster to build, and less expensive than traditional brick and mortar housing.

Related to the proposed definition of “scattered site manufactured housing rental project,” HUD is proposing to revise 24 CFR 92.251(f)(5)(i) to state that a participating jurisdiction is not required to adopt a more frequent inspection schedule for scattered site manufactured housing rental projects that have been found to have life-threatening deficiencies. Instead, HUD is proposing to permit participating jurisdictions to determine whether a more frequent inspection schedule is warranted, thereby providing participating jurisdictions with additional autonomy and encouraging the use of manufactured housing in the HOME program. This proposal is consistent with the requests made by commenters to the HOME Proposed Rule that HUD further encourage the use of manufactured housing in the HOME program and expand monitoring flexibilities to include scattered site projects with more units.⁸ This proposal is consistent with the addition of the “small-scale housing” definition that HUD added through the HOME Final Rule.

HUD is also proposing to revise 24 CFR 92.252(g) to reduce the frequency of income examinations for scattered site manufactured housing rental projects to triennial income examinations for occupants of such housing instead of the more frequent income examination schedule defined in § 92.252. This proposed reduction in income examinations is intended to encourage the use of manufactured housing in the HOME program and to reduce the costs associated with owning and managing scattered site manufactured housing rental projects. This

⁸ See 90 FR 769, 779, and 783.

proposal is consistent with the addition of the “small-scale housing” definition that HUD added through the HOME Final Rule.

In addition, HUD is proposing certain revisions to 24 CFR 92.253(d)(5) that would permit participating jurisdictions to establish an alternative procedure to a written waiting list for the selection of tenants in scattered site manufactured housing rental projects, the same as HUD permitted for small-scale housing in the HOME Final Rule. HUD is proposing to allow participating jurisdictions to establish an alternative procedure to a written waiting list for the selection of tenants in scattered site manufactured housing rental projects because HUD believes that this flexibility will further incentivize the use of manufactured housing in HOME rental housing projects and will help to increase the availability and supply of affordable housing nationwide.

Proposed removal of the HOME Final Rule’s 24 CFR 92.250(c) regarding permitting participating jurisdictions to exceed the maximum per-unit subsidy for a project that meets certain green building standards.

In the HOME Proposed Rule, HUD proposed to add a new paragraph (c) to 24 CFR 92.250 to permit a participating jurisdiction to exceed the maximum per-unit subsidy described in 24 CFR 92.250 by 5 percent for a project that met one of the acceptable green building standards that HUD would describe in a separate *Federal Register* notice. In the HOME Final Rule, HUD maintained 24 CFR 92.250(c) that was proposed in the HOME Proposed Rule; however, after consideration of public comments, HUD revised the maximum per-unit subsidy increase to 10 percent through the HOME Final Rule instead of the proposed 5 percent.

On further consideration, HUD is proposing through this supplemental notice of proposed rulemaking to remove the HOME Final Rule’s 24 CFR 92.250(c) because the increased HOME maximum per-unit investment for green projects would allow for increased spending on projects with higher per-unit costs, potentially leading to the production of fewer affordable housing units. Although commenters made this argument in response to the HOME Proposed Rule and

HUD elected to retain this provision in the HOME Final Rule (90 FR 807), HUD subsequently reconsidered these concerns in light of the President’s direction to lower the cost of housing and expand housing supply⁹ and to end programs that provide “green” subsidies.¹⁰ Furthermore, from 2022-2024, the vast majority of HOME units (98.03%) were developed or preserved using less than 95% of the current maximum allowable per unit cost. Only 1.97% of HOME units’ actual costs were within 5% of the current per unit cost limit, so there is little evidence that permitting increased subsidy would change behavior. In addition, given that HUD has not published a subsequent *Federal Register* notice that describes what constitutes acceptable green building standards, the HOME Final Rule’s 24 CFR 92.250(c) remains inoperative and is therefore unnecessary.

As part of this proposed removal of the HOME Final Rule’s 24 CFR 92.250(c), HUD is proposing conforming revisions to 24 CFR 92.251 to remove references relating to permitting a participating jurisdiction to exceed the 24 CFR 92.250 maximum per-unit subsidy for a project that meets certain green building standards. These proposed revisions would remove 24 CFR 92.251(a)(3)(vii) and (b)(1)(xii). HUD is also proposing to revise the HOME Final Rule’s 24 CFR 92.508(a)(3)(iii) to conform with the proposed elimination of the HOME Final Rule’s 24 CFR 92.250(c).

Tenant protections and selection.

24 CFR 92.253 of the HOME rule as it existed prior to the HOME Final Rule provided substantive due process rights and prohibited lease terms to tenants in HOME rental housing or assisted with HOME tenant-based rental assistance and/or security deposit assistance. These protections included a list of prohibited lease terms, which were contained in 24 CFR 92.253(b), that derived from the Act, other applicable laws, and relevant case law. In the HOME Proposed Rule, HUD proposed significant revisions to the tenant protections and selection provisions in 24

⁹ <https://www.whitehouse.gov/presidential-actions/2025/01/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis/>

¹⁰ <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>

CFR 92.253. The HOME Final Rule incorporated a majority of the proposed changes to 24 CFR 92.253 but with certain revisions in response to public comments. In the HOME Final Rule, HUD required three tenancy addenda be added to the leases of tenants living in HOME rental housing units or assisted with HOME funds:

- 24 CFR 92.253(b) described the requirements for the HOME rental housing tenancy addendum.
- 24 CFR 92.253(c) described the requirements for the HOME tenant-based rental assistance addendum.
- 24 CFR 92.253(d) described the requirements for the HOME security deposit assistance addendum.

While the tenancy addendum for tenants that only received security deposit assistance contained the same substantive due process rights found in the prohibited lease terms contained in the 24 CFR 92.253(b) as it existed prior to the HOME Final Rule, the HOME rental housing tenancy addendum and the HOME tenant-based rental assistance addendum each contained a variety of new tenant protections that departed significantly from the prior text. The extent of the revisions, including how HUD had grouped the tenant protections by topic area, make comparing the prior rule's tenant protections and the HOME Final Rule's tenant protections extremely difficult. It also could lead to significant confusion among the public.

Below, the Department provides examples of how the HOME Final Rule's tenant protections created additional costs, increased burden, and deviated significantly from the requirements of the Act and case law. The Department also explains how it is revising the tenant protection provisions of 24 CFR 92.253 in the language of the prior rule with certain exceptions.

a. Examples of tenant protections in the HOME Final Rule that created additional costs, increased owner or participating jurisdiction burdens, or deviated significantly from the Act.

Unreasonable interference and retaliation

One of the new tenant protections created a new regulatory test: the prohibition against unreasonable interference or retaliation. This provision, which was contained in both 24 CFR 92.253(b)(5) and 24 CFR 92.253(c)(5) of the HOME Final Rule, has no basis in the Act. It would have prohibited owners from unreasonably interfering with a tenant's safety or peaceful enjoyment of their rental housing unit and prohibited an owner from retaliating against a tenant for taking an action allowable under the lease. Commenters were very concerned that this new test could have a chilling effect on owner participation because determining whether an owner had retaliated against a tenant or had interfered with a tenant's peaceful enjoyment of their unit is subjective. Some commenters were concerned that HUD was substituting its own judgment for or supplanting the role of state and local law. Commenters also believed that the courts were the more appropriate authority to rule on landlord-tenant disputes, and that participating jurisdictions should not be injected into this role.

Unconditional relocation of tenants during repairs to the unit

Another new provision in the tenant protections for HOME rental housing imposed an additional cost on HOME rental housing owners. In 24 CFR 92.253(b)(1)(iii) of the HOME Final Rule, if an owner is required to repair a life-threatening deficiency impacting the tenant and the repairs cannot be completed on the day the deficiency is identified, the owner would have been required to relocate the tenant to another decent, safe, and sanitary unit in good repair or another form of physically suitable lodging at no additional cost to the tenant until the repairs were completed. This provision directly adds additional costs to owners that are not paid for by any HOME assistance without allowing owners other mitigation strategies. The provision also fails to consider whether the tenant may have caused the underlying deficiency, which could be necessary in determining whether an owner must pay for the costs of relocating a tenant under state or local landlord-tenant law.

New and confusing notice requirements

The HOME Final Rule imposed notice requirements that provided no meaningful benefit to tenants and were not required under the Act. These include providing notices on changes in ownership and property management (See 24 CFR 92.253(b)(3)(ii) and 24 CFR 92.253(c)(3)(ii) of the HOME Final Rule), and notice of environmental, health, or safety hazards affecting the project (See 24 CFR 92.253(f) of the HOME Final Rule). Tenants have no meaningful method of objecting to changes in property ownership or management and requiring notice there serves only to create a potential liability for owners or participating jurisdictions that fail to comply with the requirement. For environmental, health, or safety hazards outside of the control of the participating jurisdiction or owner, requiring they provide notice to tenants or each other may be confusing or create a duty of care that currently does not exist. If an owner and participating jurisdiction failed to provide notice and a tenant was harmed by a safety hazard that was beyond an owner or participating jurisdiction's control, a tenant may attempt to bring legal action against the owner and participating jurisdiction for failing to comply with the regulation, even if the owner or participating jurisdiction had nothing to do with the safety hazard.

New requirements to accept holders of all Federal, state, and local tenant-based rental assistance

The HOME Final Rule also included expansions of existing statutory requirements that deviated from the plain language of the Act and may have created significant program design issues. In the HOME Final Rule, HUD had expanded a provision through 24 CFR 92.253(e)(4) to require owners to accept all forms of Federal, State, or local tenant-based rental assistance. This change unnecessarily deviates from the plain language in 42 U.S.C. 12745(a)(1)(D), which only prohibits denying the selection of a holder of a voucher under section 8 of the U.S. Housing Act of 1937. The Department had construed the statute as applying to all forms of Federal, state and local tenant-based rental assistance even though these forms of assistance may have different rules, program designs, income targeting, and protections than the Housing Choice Voucher and HOME programs. These differences in programs could have led to conflicts. Reverting back to

the prior language is closer to the statutory intent of the drafters of the Act and will remove a potential disincentive to owner participation in the HOME program.

Additional Provisions Proposed for Removal

In addition to the provisions highlighted above, except as otherwise explained in this preamble, HUD is proposing to revert to tenant protections as they existed prior to the 2025 Final Rule. A selection of the provisions proposed for removal include:

- Requirements at § 92.253(a)(1) that all leases be provided to the participating jurisdiction prior to execution;
- Requirements at § 92.253(b)(1) that the lease contain provisions requiring owners to follow the HOME requirements that they maintain physical condition of the unit and project to the participating jurisdiction's property standards and State and local code requirements; that owners professionally maintain and repair units; and that owners, when controllable, provide continued, uninterrupted utility service;
- Requirements at § 92.253(b)(1) that owners must provide written time frames for maintenance and repairs as soon as practicable and that owners not charge tenants for reasonable wear and tear;
- Requirements at § 92.253(b)(2) that the lease explicitly describe use and occupancy protections that include rights for the family to reside with a foster child, foster adult, or live-in aide and rights that a tenant be able to reasonably access common areas of the project;
- Requirements at § 92.253(b)(2) that owners provide reasonable written notice prior to entering the unit and that they extend protections to allow tenants to organize tenant associations and associated activities;
- Requirements at § 92.253(b)(7) that a tenant lease include a requirement that owners must keep the personally identifiable information of assisted families secure and confidential.

- Requirements at § 92.253(b)(9) that security deposits be refundable, not be more than two months' rent, and that owners provide an itemized list of deductions for any charges against the security deposit.

b. Returning to the tenant protections required by the Act and relevant case law

The statutory and substantive due process requirements included in the tenant protections were first required under the HOME regulations in 1991.¹¹ An additional protection was added in 2013¹² to comply with section 504 of the of the Rehabilitation Act of 1973 (29 U.S.C. 794).¹³ The HOME Final Rule incorporated a new protection for tenants, owners, and employees of owners that was required under Public Law 114-113. This provision permitted an owner to terminate a tenancy or refuse to renew the tenancy of a tenant that posed a direct threat to the health and safety of other tenants in the project, employees of the owner, or an imminent and serious threat to the property. This protection ensured that other tenants of the housing and employees of the owner would be safe from harm, and that owners would not incur liability for terminating a tenant's lease when they posed a danger to others in the project or to the housing itself. This new protection permitted termination of tenancy or refusal to renew tenancy when it was in accordance with the requirements of State or local law, and permitted the owner to do so without need for a 30-day waiting period to ensure that the danger posed to tenants, employees, and the housing was removed as quickly as legally possible,

Beyond these statutorily required tenant protections, the Act does not require HUD to further expand tenant protections under the HOME program. Expanding tenant protections beyond those that are statutorily required may increase HOME rental project owners' compliance costs and could create new barriers to the development of affordable housing by deterring owner participation in the HOME program.

¹¹ See Home Investment Partnerships Program at 56 FR 65312, 65354 (Dec. 16, 1991).

¹² See HOME Investment Partnerships Program: Improving Performance and Accountability; Updating Property Standards at 78 FR 44628, 44674 (July 24, 2013).

¹³ See the version of 24 CFR 92.253(b)(9) that existed prior to the publication of the HOME Final Rule, which prohibited the following lease term: "Mandatory supportive services. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered."

In accordance with the Executive Order 14192 entitled “Unleashing Prosperity Through Deregulation,” the Department was directed to identify regulations that “increase the incremental cost” of doing business. That same Executive Order 14192 expressly stated that the policy of the Administration is to “significantly reduce the private expenditures required to comply with Federal regulations to secure America’s economic prosperity.” Executive Order 14219 likewise requires that Agencies identify “regulations that are based on anything other than the best reading of the underlying statutory authority or prohibition” and “regulations that impose significant costs upon private parties that are not outweighed by public benefits.”

In furtherance of Executive Order 14192 and Executive Order 14219 and giving appropriate consideration to the public comments submitted in response to the HOME Proposed Rule language in 24 CFR 92.253, HUD is proposing to revise 24 CFR 92.253 to more closely match the language that is statutorily mandated and substantively return 24 CFR 92.253 to the language that existed prior to the publication of the HOME Final Rule. HUD is still proposing some revisions to 24 CFR 92.253 as it existed prior to publication of the HOME Final Rule because the Department believes they add greater clarity to the requirements, incorporate certain statutory protections, align HOME with other HUD programs, and provide owners and participating jurisdictions with greater flexibility. Below, please find a description of proposed revisions to 24 CFR 92.253 as it existed prior to the HOME Final Rule

24 CFR 92.253(a)

HUD is proposing to revise the HOME Final Rule’s 24 CFR 92.253(a) to state that a lease between the tenant and the owner of rental housing assisted with HOME funds, tenant-based rental assistance, or security deposit assistance must be in writing, for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified. HUD is also proposing to clarify that the lease for tenants in rental housing assisted with HOME funds or tenants receiving either tenant-based rental assistance or security deposit assistance shall not contain any of the prohibited lease terms in 24 CFR 92.253(b). These are

clarifications of the application of the existing requirements for tenant leases and are not substantive revisions to the requirements. HUD had already interpreted the lease requirements in 24 CFR 92.253 to apply to tenants with tenant-based rental assistance and security deposit assistance.

HUD is proposing to remove the HOME Final Rule's new requirements to include contact information for the owner, property management staff, and participating jurisdiction in the written lease. HUD defers to participating jurisdictions and owners to determine the best way to ensure that tenants have the relevant contact information they may need. HUD is also declining to propose requiring that each tenant lease include a tenancy addendum. While HUD is aware that some participating jurisdictions do require tenancy addenda to eliminate any prohibited lease terms from tenant leases, HUD is deferring to participating jurisdictions and owners in determining how best to ensure that prohibited lease terms are not included in tenant leases.

Section 24 CFR 92.253(b)

HUD is proposing to retain the change made to 24 CFR 92.253(b)(8) by the HOME Final Rule to add the words "and the court so orders" at the end of 24 CFR 92.253(b)(8) to ensure that a tenant is only charged with the costs of legal actions if the tenant loses and the court orders the tenant to pay costs. HUD believes it is appropriate to maintain this language because the determination of whether a tenant should pay court costs is more appropriately determined by the court and not through a provision described within the HOME regulation. HUD believes it is an overreach for it to state unequivocally in a regulation that a tenant may be obligated to pay the costs of a case if the tenant loses at trial. This is especially true when such costs may not be required under applicable state or local law or where a tenant loses on one ground but not another. The court of competent jurisdiction that is deciding the matter is also better situated in determining whether a tenant must pay court costs, as it has heard the relevant facts pertaining to the case and has determined the culpability of the parties.

24 CFR 92.253(c)

HUD is proposing to revise 24 CFR 92.253(c) of the HOME rule as it existed prior to the HOME Final Rule to include a clarification that the termination of tenancy provisions apply to tenants receiving tenant-based rental assistance and tenants receiving security deposit assistance. This is a nonsubstantive clarification of existing requirements that was included in the HOME Final Rule

In addition, HUD is proposing to add the statutorily required language from the HOME Final Rule providing that a minimum 30-day notice period is not required for the termination of tenancy or refusal to renew tenancy of a tenant in rental housing or a tenant receiving tenant-based rental assistance and security deposit assistance when it is due to a direct threat to the safety of the tenants or employees of the housing or an imminent and serious threat to the property, as long as the termination of tenancy or refusal to renew tenancy is in accordance with Federal, State, and local law, and the requirements of 24 CFR part 92.¹⁴

HUD is also proposing to maintain the addition of the language from the HOME Final Rule describing what constitutes “good cause” for the termination of tenancy or the refusal to renew tenancy, which includes the following situations:

- The owner is permitted to do so pursuant to the provisions contained in 24 CFR part 5, subpart I; 24 CFR 882.511; or 24 CFR 982.310;
- A tenant or household member is a direct threat to the safety of the tenants or employees of the housing or an imminent and serious threat to the property;
- A tenant unreasonably refuses to provide the owner with access to the unit to allow the owner to repair the unit;
- An owner must terminate a tenancy to comply with an order issued by a governmental entity or court that requires the tenant to vacate the project or unit;

¹⁴ See 42 U.S.C. 12755(b), as amended by Public Law 114-113.

- An owner must terminate a tenancy to comply with a local ordinance that necessitates vacating the project or unit;
- A tenant fails to purchase a housing unit within the timeframes listed within the tenant's lease-purchase agreement; or
- For tenants with tenant-based rental assistance only, when an owner intends to withdraw the unit from the rental market to occupy the unit; allow an owner's family member to occupy the unit; or demolish or substantially rehabilitate the unit.

HUD is proposing to maintain these "good cause" reasons to terminate tenancy or refuse to renew tenancy because HUD believes that maintaining these "good cause" reasons will better incentivize the production of affordable housing and improve private landlord participation in HOME tenant-based rental assistance.

d. 24 CFR 92.253(d) (24 CFR 92.253(e) of the HOME Final Rule).

HUD is proposing to revise 24 CFR 92.253(d) of the HOME rule, which was 24 CFR 92.253(e) in the HOME Final Rule. 24 CFR 92.253(d)(3) of the HOME rule describes when an owner may limit eligibility or give preference to a particular segment of the population. 24 CFR 92.253(e)(3)(ii) limits an owner's authority to add a limitation to or preference for a person with disabilities who requires services offered at a project when the project does not receive funding from a Federal program that limits eligibility to a particular segment of the population. The first sentence of 24 CFR 92.253(d)(3)(ii)(C) permits limiting to or providing a preference for persons with disabilities who need services at a project only if the services cannot be provided in a nonsegregated setting. HUD believed at the time that this provision struck the balance between providing care for individuals with disabilities and avoiding unnecessary segregation on the basis of disability. The HOME Final Rule removed this restriction. HUD has determined that this provision is not required by any applicable law and is an unreasonable restriction on owners, participating jurisdictions, and persons with disabilities. Removing this restriction will make it easier for owners to better target assistance to persons with disabilities that need supportive

services. HUD is therefore proposing, consistent with the HOME Final Rule, to delete the first sentence of this provision to permit owners to limit or provide a preference to persons with disabilities even if the services provided at the HOME project can be provided in a nonsegregated setting.

HUD is also proposing a clarification to that same 24 CFR 92.253(d)(3)(ii)(C) about how an owner may advertise the project as offering various supportive services, including a description of the specific supportive services available. That rule text at 24 CFR 92.253(d)(3)(ii)(C) states that the owner may advertise the project as offering services for a particular type of disability but must permit all eligible persons with disabilities who may benefit from the services provided in the project to participate. This description appears to indicate that owners can advertise that a project is only for persons with specific disabilities even when all persons with disabilities may obtain the benefit of supportive services offered in a HOME project. The provisions are not written in plain language and are difficult to follow. HUD is proposing to break up the sentence into two short, declarative sentences. The first sentence states that an owner may advertise a project's supportive services, including a description of the specific supportive services available. The second sentence explains that the project must be open to all eligible persons with disabilities. This language is identical to the language in the HOME Final Rule's 24 CFR 92.253(e)(3)(ii)(C).

In addition, HUD is proposing to remove the language from 24 CFR 92.253(d)(4) that existed prior to the publication of the HOME Final Rule relating to Section 8 Tenant Based Assistance and instead only reference the Housing Choice Voucher Program and HOME tenant-based rental assistance. This is a minor clarification, as the name of the program is the Housing Choice Voucher Program and it is unnecessary to maintain the wording "Section 8 Tenant-Based Assistance." As discussed in the example section above, HUD is declining to propose an expansion of 24 CFR 92.253(d)(4)'s requirements to include additional Federal, state, and local tenant-based rental assistance programs other than what is required under the Act. As discussed

earlier, the Department is also proposing to revise 24 CFR 92.253(d)(5) to state that except for small-scale housing and scattered site manufactured housing rental projects, all selection of tenants to HOME rental housing projects must be from a written waiting list in chronological order of their application, insofar as practicable. HUD is permitting participating jurisdiction the discretion to establish alternatives to requiring owners to maintain a written waiting list for the selection of tenants in these types of projects. This could allow participating jurisdictions the discretion to maintain jurisdiction-wide waiting lists on behalf of small-scale housing and scattered site manufactured housing project owners, or to utilize other nondiscriminatory methods of placing income-eligible tenants in HOME-assisted rental housing projects.

Other conforming revisions related to the proposed changes in 24 CFR 92.253

HUD is proposing to revise the HOME Final Rule's 24 CFR 92.209(g) and 92.504(c)(2)(xii) to remove reference to the HOME tenant-based rental assistance tenancy addendum. This is a conforming revision due to HUD's proposed revisions to 24 CFR 92.253. For additional background on HUD's proposed removal of the tenancy addenda requirements of the HOME Final Rule, see the description of the proposed changes to the HOME Final Rule's 24 CFR 92.253(a) found earlier in this supplemental notice of proposed rulemaking.

Carbon monoxide detection

In the HOME Proposed Rule, 89 FR 46630, and the HOME Final Rule, 90 FR 755, HUD stated that it would more fully describe carbon monoxide requirements applicable to the HOME program in a separate publication in the *Federal Register*. Instead, HUD is proposing through this supplemental notice of proposed rulemaking to include carbon monoxide detector requirements in HOME program regulations. As explained in HUD's NSPIRE final rule, certain carbon monoxide detector standards apply to other HUD programs, not including HOME, pursuant to Section 101, "Carbon Monoxide Alarms or Detectors in Federally Assisted Housing" of Title I of Division Q, Financial Services Provisions and Intellectual Property, of the Consolidated Appropriations Act, 2021, Public Law 116-260, 134 Stat. 2162 (2020). See 88 FR

30445. The required standards include chapters 9 and 11 of the 2018 International Fire Code. 134 Stat. 2163-65. Therefore, HUD is proposing to revise 24 CFR 92.251(a)(3)(vi)(A) to state that housing units must have a carbon monoxide detector installed in a manner that meets or exceeds standards described in chapters 9 and 11 of the 2018 International Fire Code, consistent with the inspection requirements of other HUD programs.

24 CFR parts 91 and 92 – Technical revisions and correction.

HUD is proposing a technical correction to 24 CFR 92.207(h) to replace the citation to § 92.254(a)(9) with a citation to § 92.254(b)(2), as paragraph (a)(9) does not exist in § 92.254 and the specified costs related to preserving affordability of housing assisted with HOME funds that HUD intends to cross reference are in § 92.254(b)(2). HUD is proposing to make certain technical revisions in the HOME Final Rule’s paragraphs 24 CFR 91.220(1)(2)(vii)(D), 91.320(k)(2)(vii)(D), 92.252(k), 92.351(a)(1), and 92.504(c)(3)(iii) to replace the citation to “24 CFR 92.253(e)” with “24 CFR 92.253.” This proposal is a conforming revision because HUD is proposing to remove the HOME Final Rule’s paragraph 24 CFR 92.253(e), as discussed earlier in this supplemental notice of proposed rulemaking. HUD is also proposing a technical correction to paragraph 24 CFR 92.254(a)(4) to change the citation to applicable property standards from “§ 92.251(c)(3)” to “§ 92.251” because the provision should have cited to the property standards more broadly and not to the property standards for existing housing that is acquired for homeownership alone. Homeownership assistance can be used on projects involving new construction, rehabilitation, or manufactured housing which are covered under 24 CFR 92.251(a), (b), and (e) respectively.

III. Application of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to the HOME Program

HUD reminds HOME program recipients that grants must be administered in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under title IV of the Personal Responsibility and Work

Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) (PRWORA) and any applicable requirements that HUD, the Attorney General, or the U.S. Citizenship and Immigrations Services may establish from time to time to comply with PRWORA.

IV. Findings and Certifications

Regulatory Review – Executive Orders 12866 and 13563

Under Executive Order 12866 (Regulatory Planning and Review), a determination must be made regarding whether a regulatory action is significant and, therefore, subject to review by the Office of Management and Budget in accordance with the requirements of the order.

Executive Order 13563 (Improving Regulations and Regulatory Review) directs executive agencies to analyze regulations that are “outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.” Executive Order 13563 also directs that, where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, agencies identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public.

This supplemental notice of proposed rulemaking re-opens public comment for certain topics and provisions that were addressed in HUD’s May 29, 2024, proposed rule entitled “HOME Investment Partnerships Program: Program Updates and Streamlining,” as described throughout this supplemental notice of proposed rulemaking.

This supplemental notice of proposed rulemaking was developed in a manner that is consistent with Executive Order 12866 and 13563. This supplemental notice of proposed rulemaking was determined to be a significant regulatory action under section 3(f) of Executive Order 12866 but was not deemed to be significant under section 3(f)(1).

Executive Order 14192, Regulatory Costs

Executive Order 14192, entitled “Unleashing Prosperity Through Deregulation,” was issued on January 31, 2025. Section 3(c) of Executive Order 14192 requires that any new

incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations. The current burden estimate for HOME Investment Partnerships Program: Further Program Updates and Streamlining would result in an overall net decrease of 22,377 annual burden hours. This consists largely of an estimated decrease of 20,001 annual burden hours due to the revisions of tenant protections in § 92.253; an estimated decrease of 376 annual burden hours due to the removal of increases to maximum subsidy limits for green buildings in § 92.250; and a decrease of 2,000 annual burden hours due to the reduction of income-determinations in scattered site manufactured housing rental projects

OMB has determined that this proposed rule would be a repeal of a regulation resulting in reduced regulatory costs for purposes of Executive Order 14192 by providing flexibility and reduced burdens for all of the parties affected by this proposed rule. Regulatory Impact Analysis

HUD prepared a regulatory impact analysis (RIA) that addresses the costs and benefits of this supplemental notice of proposed rulemaking. HUD's RIA is part of the docket file for this supplemental notice of proposed rulemaking at <https://www.regulations.gov>.

As described in the RIA, HUD anticipates that the economic impact of this supplemental notice of proposed rulemaking will be almost entirely within the HOME program. In other words, the changes to the HOME program will affect what participating jurisdictions do with the HOME funds they receive from HUD and how projects that accept this funding source operate. HUD strongly encourages the public to view the docket file.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. This supplemental notice of proposed rulemaking aims to improve the HOME program by making certain changes related to those incorporated through

the HOME Final Rule. As described in the RIA, HUD anticipates that the economic impacts of this rule will be almost entirely within the HOME program. In other words, the changes to the HOME program will affect what participating jurisdictions do with the HOME funds they receive from HUD and how projects that accept this funding source operate. For the reasons presented, the undersigned certifies that this rule will not have a significant economic impact on a substantial number of small entities.

Environmental Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations in 24 CFR part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available through the docket file at <https://www.regulations.gov>. The FONSI is also available for public inspection during regular business hours in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, you must schedule an appointment in advance to review the FONSI by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). 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>.

Federalism – Executive Order 13132

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has Federalism implications if the rule either: (i) imposes substantial direct compliance costs on State and local governments and is not required by statute, or (ii) preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This supplemental notice of proposed rulemaking does not have Federalism implications and does not

impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531-1538) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and Tribal governments, and on the private sector. This supplemental notice of proposed rulemaking does not impose any Federal mandates on any State, local, or Tribal governments, or on the private sector, within the meaning of the UMRA.

Paperwork Reduction Act

The information collection requirements contained in this final rule have been approved by OMB in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned the OMB control number 2506-0171. In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number.

This supplemental notice of proposed rulemaking proposes to remove a provision in the HOME Final Rule's paragraph 24 CFR 92.250(c) that would have permitted a participating jurisdiction to exceed the maximum per-unit subsidy described in 24 CFR 92.250 for projects that met one of the acceptable green building standards that HUD would describe in a separate *Federal Register* notice. If finalized, this proposed removal of the HOME Final Rule's 24 CFR 92.250(c) will lead to a slight decrease in burden for participating jurisdictions with qualified projects.

This supplemental notice of proposed rulemaking also proposes to add paragraph (g)(1) to 24 CFR 92.252, which would permit an owner of a scattered site manufactured housing rental project to re-examine annual income every three years, rather than annually. This addition of 24 CFR 92.252(g)(1) will reduce the burden of performing income determinations in scattered site manufactured housing rental projects.

This supplemental notice of proposed rulemaking also removes the various tenancy lease addenda found in the HOME Final Rule’s paragraphs 24 CFR 92.253(b), (c), and (d), which will reduce the burden on owners of rental housing and private landlords participating in the HOME program.

Overall, the proposals in this supplemental notice of proposed rulemaking would, if finalized, result in a net decrease of burden by 22,377 total estimated annual burden hours.

The burden of the information collections in this final rule is estimated as follows:

REPORTING AND RECORDKEEPING BURDEN

24 CFR section reference	Number of parties	Frequency of responses	Number of responses per party	Estimated average time for requirements (hours)	Total estimated annual burden (hours)
§ 92.252(g)(1) scattered site manufactured housing rental project income determination	1000	Annual	1	2	(2,000)
Removal of § 92.250 to increase maximum subsidy limits for green buildings	188	Annual	1	2	(376)
Removal and replacing § 92.253 tenant protections (including lease addendum requirement)	6,667	Annual	1	3	(20,001)

V. Electronic Access and Filing

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 site to submit comments electronically.

All comments and communications properly submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the address provided in the ADDRESSES section of this supplemental notice of proposed rulemaking. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as from 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>.

In accordance with 5 U.S.C. 553(b)(4), a summary of this supplemental notice of proposed rulemaking may be found at www.regulations.gov.

List of Subjects

24 CFR Part 91

Aged; Grant programs-housing and community development; Homeless; Individuals with disabilities; Low and moderate income housing; Reporting and recordkeeping requirements.

24 CFR Part 92

Administrative practice and procedure; Low and moderate income housing; Manufactured homes; Rent subsidies; Reporting and recordkeeping requirements.

For the reasons stated in the preamble, HUD proposes to amend 24 CFR parts 91 and 92 as follows:

PART 91—CONSOLIDATED SUBMISSIONS FOR COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

1. The authority citation for part 91 continues to read as follows:

Authority: 42 U.S.C. 3535(d), 3601-3619, 5301-5315, 11331-11388, 12701-12711, 12741-12756, and 12901-12912.

§ 91.220 [Amended]

2. In § 91.220, amend paragraph (l)(2)(vii)(D) by removing the citation to “24 CFR 92.253(e)” and adding in its place a citation to “24 CFR 92.253”.

§ 91.320 [Amended]

3. In § 91.320, amend paragraph (k)(2)(vii)(D) by removing the citation to “24 CFR 92.253(e)” and adding in its place a citation to “24 CFR 92.253”.

PART 92—[Amended]

4. The authority citation for part 92 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 12701-12839; 12 U.S.C. 1701x.

5. In FR Doc. 2024-29824, the amendment to add paragraph (c) to § 92.250 (amendment 24.c) and the amendment to revise § 92.253 (amendment 27), published on January 6, 2025 (90 FR 746), are withdrawn.

6. In § 92.2, add the definition of “scattered site manufactured housing rental project” in alphabetical order to read as follows:

§ 92.2 Definitions.

* * * * *

Scattered site manufactured housing rental project means a rental project of individually leased manufactured housing units owned by a single project owner.

* * * * *

§ 92.3 [Amended]

7. Amend § 92.3 by removing paragraph (e).

§ 92.207 [Amended]

8. In § 92.207, amend paragraph (h) by removing the citation “§ 92.254(a)(9)” wherever it appears and adding in its place the citation “§ 92.254(b)(2)”.

§ 92.209 [Amended]

8. In § 92.209, remove the last sentence of paragraph (g).

§ 92.251 [Amended]

9. Amend § 92.251 by:

- a. Revising paragraph (a)(3)(vi)(A);
- b. Removing paragraph (a)(3)(vii);
- c. Removing paragraph (b)(1)(xii); and
- d. Revising paragraph (f)(5)(i).

The revision reads as follows:

§ 92.251 Property Standards and inspections.

- (a) * * *
- (3) * * *
- (vi) * * *

(A) A carbon monoxide alarm must be installed in the housing unit in a manner that meets or exceeds the carbon monoxide detection standards described in chapters 9 and 11 of the 2018 publication of the International Fire Code.

- * * * * *
- (f) * * *
- (5) * * *

(i) *Life-threatening deficiencies.* Life-threatening deficiencies must be corrected immediately. Except for small-scale housing or scattered site manufactured housing rental projects, the participating jurisdiction must adopt a more frequent inspection schedule for properties that have been found to have life-threatening deficiencies. For small-scale housing or scattered site manufactured housing rental projects, the participating jurisdiction may adopt a more frequent inspection schedule if the small-scale housing or scattered site manufactured housing rental project is found to have life-threatening deficiencies, as described in its inspection procedures.

- * * * * *

§ 92.252 [Amended]

10. Amend § 92.252 by:

a. Removing the words “small-scale housing”, wherever they appear in paragraph (g)(1), and adding in their place the words “small-scale housing or a scattered site manufactured housing rental project”;

b. Removing the words “Small-Scale Rental Housing Projects” from the title of Table 2 to Paragraph (g)(1), and adding in their place the words “Small-Scale Housing or Scattered Site Manufactured Housing Rental Projects”;

c. Removing the words “small-scale housing projects”, wherever they appear in paragraph (g)(2), and adding in their place the words “small-scale housing or scattered site manufactured housing rental projects”; and

d. Removing the citation “§ 92.253(e)”, wherever it appears in paragraph (k), and adding in its place the citation “§ 92.253”.

11. Amend § 92.253 by:

a. Revising paragraph (a);

b. Revising paragraph (b)(8) by adding the words “and the court so orders” immediately after the word “loses”;

c. Revising paragraph (c);

d. Revising paragraphs (d)(3)(ii)(C), (d)(4), and (d)(5).

The revisions read as follows:

§ 92.253 Tenant protections and selection.

(a) *Lease.* There must be a written lease between the tenant and the owner of rental housing assisted with HOME funds, tenant-based rental assistance, and security deposit assistance. The lease must be for a period of not less than 1 year, unless by mutual agreement between the tenant and the owner, a shorter period is specified. The lease must incorporate the VAWA lease term/addendum required under § 92.359(e), except as otherwise provided by §

92.359(b). The lease must not contain any of the prohibited lease terms in paragraph (b) of this section.

* * * * *

(c) *Termination of tenancy.*

(1) An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds or a tenant assisted with tenant-based rental assistance, or security deposit assistance except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy or refusal to renew tenancy. The minimum 30-day period is not required if the termination of tenancy or refusal to renew is due to a direct threat to the safety of the tenants or employees of the housing or an imminent and serious threat to the property and the termination of tenancy or refusal to renew is in accordance with the requirements of paragraph (c)(2) of this section. Good cause includes when:

(i) The owner is permitted to do so pursuant to the provisions contained in 24 CFR part 5, subpart I; 24 CFR 882.511; or 24 CFR 982.310;

(ii) A tenant or household member is a direct threat to the safety of the tenants or employees of the housing or an imminent and serious threat to the property;

(iii) A tenant unreasonably refuses to provide the owner access to the unit to allow the owner to repair the unit;

(iv) An owner must terminate a tenancy to comply with an order issued by a governmental entity or court that requires the tenant to vacate the project or unit;

(v) An owner must terminate a tenancy to comply with a local ordinance that necessitates vacating the project or unit;

(vi) A tenant fails to purchase a housing unit within the timeframes listed within the tenant's lease-purchase agreement; or

(vii) For tenants with tenant-based rental assistance only, when an owner intends to: withdraw the unit from the rental market to occupy the unit; allow an owner's family member to occupy the unit; or demolish or substantially rehabilitate the unit.

(2) The termination of tenancy or refusal to renew must be in accordance with Federal, State, local law, and the requirements of this part, including but not limited to requirements regarding fair housing, nondiscrimination, and VAWA.

* * * * *

(d) * * *

(3) * * *

(ii) * * *

(C) The families must not be required to accept the services offered at the project. The owner may advertise the project as offering various supportive services, including a description of the specific supportive services available. The project must be open to all eligible persons with disabilities.

(4) The limitation does not exclude an applicant with a voucher under the Housing Choice Voucher Program (24 CFR part 982) or an applicant participating in a HOME tenant-based rental assistance program because of the status of the applicant as a holder of such type of assistance;

(5) Except for small-scale housing and scattered site manufactured housing rental projects, provides for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable. The participating jurisdiction may establish

alternative procedures to a written waiting list for the selection of tenants in small-scale housing and scattered site manufactured housing rental projects;

* * * * *

§92.254 [Amended]

12. Amend § 92.254 by removing the citation to “§ 92.251(c)(3)” in paragraph (a)(4) and adding in its place a citation to “§ 92.251”.

§ 92.351 [Amended]

13. In § 92.351, amend paragraph (a)(1) by removing the citation to “§ 92.253(e)(3)” and adding in its place a citation to “§ 92.253”.

14. Amend § 92.504 by:

a. Revising the last sentence of paragraph (c)(2)(xii); and

b. Removing the citation to “§ 92.253(e)” in paragraph (c)(3)(iii) and adding in its place a citation to “§ 92.253”.

The revision reads as follows:

§ 92.504 Participating jurisdiction responsibilities; written agreements.

* * * * *

(c) * * *

(2) * * *

(xii) * * * For any projects involving HOME rental housing, tenant-

based rental assistance, or security deposit assistance, the agreement must require that the tenant leases comply with § 92.253 for all HOME-assisted rental housing units or tenants.

* * * * *

15. In § 92.508, revise paragraph (a)(3)(iii) to read as follows:

§ 92.508 Recordkeeping.

(a) * * *

(3) * * *

(iii) Records demonstrating that each rental housing or homeownership project meets the minimum per-unit subsidy amount of § 92.205(c), the maximum per-unit subsidy amount in accordance with the requirement in § 92.250(a), and the subsidy layering and underwriting evaluation adopted in accordance with § 92.250(b).

* * * * *

Ronald J. Kurtz,

Assistant Secretary for Community Planning and Development.

[BILLING CODE 4210–67]

[FR Doc. 2026-08406 Filed: 4/29/2026 8:45 am; Publication Date: 4/30/2026]