



## Policy Memorandum

**To:** Recipients of DOH's HOME Funding  
**From:** Jennifer DiGiallonardo, Federal Housing Assets Team Manager  
Melia Garcia, LTM Housing Asset Manager Team Lead  
Teresa McCoy, Federal Housing Asset Manager Team Lead  
**Re:** HOME Final Rule Updates

---

### Background

The Department of Housing and Urban Development (HUD) considered input received from a broad range of stakeholders over many years about the most challenging aspects of administering and using HOME funds to provide affordable housing. The proposed rule was published in the Federal Register for public comment on May 29, 2024. HUD received and carefully considered more than one hundred public comments on the proposed rule in developing the final rule.

On January 6, 2025, HUD published a final rule in the Federal Register to update, streamline, and authorize new flexibilities in the regulations governing the HOME Investment Partnerships (HOME) Program. The final rule intends to ease regulatory requirements and increase flexibility to support the production of affordable housing and lower housing costs while reducing regulatory burden. **The effective date for the [HOME Final Rule](#) is April 20, 2025.** On April 17, 2025, HUD further delayed the effective date of two provisions to October 30, 2025, as noted below.

On December 30, 2024, HUD announced that the Community Planning and Development (CPD) programs' [Housing Opportunity through Modernization Act of 2016 \(HOTMA\)](#) compliance date has been delayed to no later than January 1, 2026. The Division of Housing (DOH) is waiting for the CPD Income Eligibility calculator as well as other helpful tools/resources. In the meantime, the DOH must continue to implement the requirements of the prior version of their program regulations and regulations in [24 CFR Part 5, Subpart F](#). Additionally, the National Standards for the Physical Inspection of Real Estate (NSPIRE) compliance date takes





effect no later than October 1, 2025. DOH will communicate to partners when these implementations take effect, as well as provide training and guidance.

## Applicability

The effective date for the HOME Final Rule is April 20, 2025. The Final Rule applies automatically to any HOME project when an income determination is made or when the HOME funds for the project were committed after the effective date.

For projects where HOME funds were committed prior to April 20, 2025, DOH intends to issue a letter of clarification regarding changes to the Beneficiary and Rent Use Covenant/Regulatory Agreement. DOH intends to apply the majority of the HOME Final Rule to these projects, with five exceptions specified by HUD. The following five components in the HOME Final Rule do not apply to projects where HOME funds were committed before April 20, 2025:

1. Certain costs allowed to be reimbursable under § 92.206(d)(1) and (2);
2. An increase in maximum per-unit subsidy under § 92.250(c);
3. Use of the revised dollar thresholds for the periods of affordability in §§ 92.252 and 92.254(4);
4. Tenant protections provided in § 92.253, including the tenancy addenda requirements in § 92.253(b) through (d); and
5. Revisions to the roles of community housing development organizations in owning, developing, and sponsoring affordable housing in § 92.300.

## Summary

The final rule focuses on the following primary areas:

### Rental Housing § 92.252, § 92.203

- a. Permits an owner of a HOME-assisted unit receiving rental assistance to charge the permissible Housing Choice Voucher, project-based voucher, or project-based rental assistance rent, instead of the maximum HOME rent. Where a household is receiving rental or voucher assistance and the household pays no more than 30% of their monthly adjusted income or 10% of their monthly income as a contribution toward rent, then the maximum HOME rent





# COLORADO

## Department of Local Affairs

Division of Housing

applies only to the household contribution, not the rental assistance or subsidy payment. Regardless of whether the tenant has a federal, state, or local voucher, subsidy, or rental assistance, the tenant portion of the rent plus the utility allowance (if any) may not exceed the HOME rent limit.

- i. Project-based Voucher/Project-based Rental Assistance: can charge the voucher payment standard, as long as the tenant portion plus utility allowance does not exceed 30% of their monthly adjusted income or 10% of their monthly income in another program.
  - ii. Tenant-based Voucher: can charge the voucher payment standard, as long as the tenant portion plus utility allowance does not exceed 30% of their adjusted income or 10% of their monthly income in another program.
  - iii. No voucher or rental subsidy: The tenant portion of the rent plus the utility allowance may not exceed the HOME rent limit.
- b. Utility Allowances:
- i. Permits using the Public Housing Agency (PHA)-established utility allowances for HOME rental projects. This effectively adds a sixth acceptable method of calculation to those listed in HOMEfires Vol. 13 No. 2.
  - ii. Clarifies that cable and broadband are not included in utility allowances.
- c. Revises the dollar thresholds that define the period of affordability for rehabilitation or acquisition of existing housing.
- d. Allows alternative income determinations for Rental Units (24 CFR § 92.203).  
\*When income requirements/flexibilities overlap, agencies must comply with the most restrictive requirements. The income statement must be an official document on agency letterhead indicating the tenant's family size and the amount of the family's annual income, and it must be made by the agency providing assistance (i.e., the housing authority, the Colorado Housing Finance Authority (CHFA), etc). Determinations made solely by property management would not suffice.
- i. HOME units assisted by Federal/State project-based rental subsidies may accept income determinations made by other federal programs (e.g., PBV, HUD-VASH, PBRA, Section 202, Section 811, etc.).
  - ii. HOME units developed with LIHTC may accept the income determinations made for families in LIHTC.



Governor Jared S. Polis | Maria De Cambra, Executive Director | Alison George, Division Director

1313 Sherman St., Room 320, Denver, CO 80203

Phone: 303-864-7810 Fax: 303-864-7719 [doh.colorado.gov](http://doh.colorado.gov)

Strengthening Colorado Communities



Version 1 4/25/2025

Page 3



## COLORADO

### Department of Local Affairs

Division of Housing

- iii. HOME-only units may accept the income determination made by another form of public assistance (Federal, State, or Local) such as TANF, WIC, Medicaid, a public housing agency, or a local voucher made within the previous 12 months.
- iv. Note: The 6-year source verification cycle is still applicable. Using one of the above methods fulfills this requirement during initial eligibility and 6-year source verification cycles.
- e. Revises the definition of “Troubled” HOME-Assisted Rental Housing Projects, which allows certain HOME projects to request relief under § 92.210.

### Maximum Per-Unit Subsidy Limits § 92.250

(The effective date for this section was delayed until [October 30, 2025](#).)

- f. HUD is permitting a maximum 10% per-unit subsidy limit increase for HOME-funded projects that incorporate energy efficiency or green and resilient building standards, lowering energy costs and saving money for residents.

### Property Standards § 92.251

- g. Requires a carbon monoxide detector in all housing units and a hardwired smoke detector on each level of each housing unit, in or near each sleeping area in each housing unit, in the basement of each housing unit, and in each common area of a project.
- h. DOH may accept NSPIRE inspections performed for other funders of the project in lieu of conducting its final inspection at rehabilitation completion or ongoing periodic inspections during project operation.
- i. A table was published indicating the required minimum inspection sample size for physical inspections.
- j. If a project includes both the rehabilitation of housing units and either new construction or reconstruction of housing units, then the rehabilitation standards apply to the housing units that are rehabilitated and the new construction requirements apply to housing that is either newly constructed or reconstructed.

### Tenant-Based Rental Assistance (TBRA) § 92.209

- k. DOH is not currently funding TBRA with HOME funds.



Governor Jared S. Polis | Maria De Cambra, Executive Director | Alison George, Division Director

1313 Sherman St., Room 320, Denver, CO 80203

Phone: 303-864-7810 Fax: 303-864-7719 [doh.colorado.gov](http://doh.colorado.gov)

Strengthening Colorado Communities



Version 1 4/25/2025

Page 4



# COLORADO

## Department of Local Affairs

Division of Housing

### Tenant Protections § 92.253

(The effective date for this section was delayed until [October 30, 2025](#).)

- l. Updated tenant protections apply only to projects where HOME funds were committed after the effective date.
- m. Strengthens and expands tenant protections through a mandatory HOME tenancy lease addendum that imposes a set of uniform tenant protections for HOME-assisted rental housing tenants and HOME TBRA recipients, including:
  - i. Physical condition of the unit and project, requiring written notice of the timeframe for repairs, relocation to other suitable lodging when life-threatening deficiencies cannot be completed in the same day, and uninterrupted utility service.
  - ii. Use and occupancy of the unit and project, including required notice for a landlord to enter a tenant's unit except in emergency situations, and tenant access and use to common areas
  - iii. Required notice to the tenant before adverse action against a tenant, changes in ownership or property management
  - iv. Availability of legal proceedings, and
  - v. Protection against retaliation against a tenant for taking any action allowable under the lease and applicable law.
- n. The mandatory HOME Tenancy Lease Addendum must be required in the written agreement between DOH and the grantee.
  - i. Properties with HOME funds committed on or after October 30, 2025, use the [HOME Tenancy Lease Addendum](#).
  - ii. Properties with HOME funds committed before October 30, 2025, use the [HOME/HTF Lease Addendum](#) or have comparable language in the lease/addendum.
- o. Requires security deposits to be refundable and no greater than two months' rent and prohibits surety bonds, security deposit insurance, and similar instruments.
- p. Clarifies that an owner may not terminate the tenancy of any tenant or household member or refuse to renew the lease of a tenant 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.



Governor Jared S. Polis | Maria De Cambra, Executive Director | Alison George, Division Director

1313 Sherman St., Room 320, Denver, CO 80203

Phone: 303-864-7810 Fax: 303-864-7719 [doh.colorado.gov](http://doh.colorado.gov)

Strengthening Colorado Communities



Version 1 4/25/2025

Page 5



## **COLORADO**

### **Department of Local Affairs**

Division of Housing

### **Homebuyer Housing § 92.254**

- q. Permits homebuyer housing acquired with HOME assistance (e.g., downpayment assistance) up to 6 months to meet the HOME property standards. (92.251)
- r. Extends the deadline for sale of HOME-assisted homebuyer housing from 9 months to 12 months after construction is completed;
- s. Establishes four model resale formulas to help comply with the HOME resale requirements and ensure transparency and fairness to homebuyers. The four resale formulas include fixed rate, itemized, appraisal, and index models.
- t. Changing the provision to instead require the period of affordability to begin after execution of the instrument that requires recapture of the HOME investment or recordation of the resale restrictions against the property.
- u. Revises the dollar thresholds that define the period of affordability.
- v. Revises and clarifies lease-purchase program provisions.
- w. Updates the definition of community land trusts (CLTs) and permits qualified CLTs to exercise preemptive rights in the event of resale of a HOME-funded CLT unit.

### **Purchase of HOME Units by In-Place Tenants § 92.955**

- x. During a HOME-assisted rental unit's period of affordability, permits an owner to sell or otherwise convey a HOME-assisted rental unit to an existing tenant.

### **Community Housing Development Organizations (CHDOs) § 92.2, §92.300**

- y. Revises CHDO board composition requirements
  - i. Broadens who can count toward the one-third minimum low-income board representation to include both low-income beneficiaries of HUD programs and designees of nonprofit organizations serving low-income persons, such as homeless providers, Fair Housing Initiatives Program providers, Legal Aid, disability rights organizations, and victim service providers.
  - ii. Narrow the types of officials who count against the one-third public official cap on board membership to officials or employees of the participating jurisdiction or governmental entity that created the community housing development organization.



Governor Jared S. Polis | Maria De Cambra, Executive Director | Alison George, Division Director

1313 Sherman St., Room 320, Denver, CO 80203

Phone: 303-864-7810 Fax: 303-864-7719 [doh.colorado.gov](http://doh.colorado.gov)

Strengthening Colorado Communities



Version 1 4/25/2025

Page 6



## COLORADO

### Department of Local Affairs

Division of Housing

- z. Allows flexibility regarding demonstrated capacity
  - i. Permits the expertise of volunteers who are CHDO board members, officers, or officials to supplement the expertise of the paid employees to meet the demonstrated capacity requirement.
  - ii. Permits CHDOs acting in the developer role to share the role with another entity (including another CHDO) that can augment the development team's capacity, provided that the CHDO retains decision-making authority.
- aa. Requires a written agreement for a CHDO set-aside project to state whether the community housing development organization will own, develop, or sponsor rental housing, as described in 92.300(a)(2) through (5), and require the community housing development organization to comply with the applicable requirements in § 92.300(a), based on its role.

The final rule will better align HOME with other affordable housing funding sources to benefit tenants and residents and lower housing costs. The rule also streamlines and modernizes the program by easing regulatory requirements, significantly reducing the burden on owners and developers of HOME-assisted housing and participating jurisdictions.

## Related Documents/Resources

Original Final Rule: [Federal Register: HOME Investment Partnerships Program: Program Updates and Streamlining](#)

Delay effective date: [Federal Register: HOME Investment Partnerships Program: Program Updates and Streamlining-Delay of Effective Date](#)

HUD Fact Sheet: [HOME Investment Partnership Program Final Rule](#)  
[HOME Tenancy Lease Addendum](#)



Governor Jared S. Polis | Maria De Cambra, Executive Director | Alison George, Division Director

1313 Sherman St., Room 320, Denver, CO 80203

Phone: 303-864-7810 Fax: 303-864-7719 [doh.colorado.gov](http://doh.colorado.gov)

Strengthening Colorado Communities

