

An Overview of the HOME Investment Partnerships Program

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Summary

The HOME Investment Partnerships Program was authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625). HOME is a federal block grant program that provides funding to states and eligible localities to be used exclusively for affordable housing activities to benefit low-income households.

Funds for HOME are appropriated annually to the Department of Housing and Urban Development (HUD), which in turn distributes funding to states and eligible localities by formula. Forty percent of HOME funds are allocated to states and 60% are allocated to localities. The formula takes into account six factors, including the number of units in a jurisdiction that are substandard or unaffordable, the age of a jurisdiction's housing, and the number of families living below the poverty line in the jurisdiction.

States and localities that receive HOME funds are known as *participating jurisdictions*. Participating jurisdictions must match the HOME funds they spend with their own 25% permanent contribution to affordable housing activities. They also must submit a Consolidated Plan to HUD that identifies the community's housing needs and describes in detail how HOME and other HUD block grant funds will be used to meet those needs. Participating jurisdictions can administer HOME funds themselves, or they can designate public agencies or nonprofit organizations to administer all or part of the HOME program on their behalf.

HOME funds can be used to finance a wide variety of affordable housing activities that generally fall into six categories: new construction of owner-occupied housing, rehabilitation of owner-occupied housing, assistance to homebuyers, new construction of rental housing, rehabilitation of rental housing, and tenant-based rental assistance. Housing assisted with HOME funding must meet certain income targeting and affordability requirements. Specifically, all HOME-assisted housing units must benefit households with incomes at or below 80% of area median income. Additionally, 90% of occupants of HOME-assisted rental units and households that receive tenant-based rental assistance must have incomes at or below 60% of area median income. HOME-assisted housing must also meet certain definitions of affordability and must continue to remain affordable to low-income households for a specified period of time. The specific affordability requirements vary according to the type of activity for which funds are used and the amount of HOME funding contributed to the project.

The amount of appropriations that Congress has provided to the HOME program has varied somewhat from year to year. From the late 1990s until FY2011, funding for HOME was generally between \$1.5 billion and \$2 billion per year. Between FY2012 and FY2017, appropriations did not exceed \$1 billion per year. More recently, annual appropriations have been in the range of \$1.3 billion. In FY2025, Congress appropriated \$1.25 billion for the program.

In FY2024 (the most recent HOME funding distributed as of the cover date of this report), all 50 states and 632 localities and consortia received HOME formula grants along with the District of Columbia, Puerto Rico, and four insular areas. The median state grant amount (including the District of Columbia and Puerto Rico) was about \$8 million, and the median locality grant amount was about \$660,000.

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Introduction

The HOME Investment Partnerships Program was created by the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625). HOME is a federal block grant program administered by the Department of Housing and Urban Development (HUD) that provides funding for affordable housing activities to states and certain localities through formula grants. States and localities that receive HOME grants can choose to fund a wide range of rental and homeownership housing activities that benefit low-income households to best meet local affordable housing needs. This report provides an introduction to the HOME program, including a brief history, an overview of allowable uses of HOME funds, and a description of certain program requirements. It also provides information on funding for the program and how that funding has historically been used.

Background and Context

In the late 1980s, some Members of Congress expressed concern about the state of the nation's housing. This concern stemmed from an increasing awareness of a variety of problems related to housing, including homelessness, families living in sub-standard housing, and decreasing opportunities for homeownership.¹ The concern over these issues led to a number of efforts to focus attention on housing policy, including the creation of a National Housing Task Force that included housing policy experts and industry leaders. In March 1988, the task force produced a report on its findings.² Among the housing issues that the task force report identified was a diminishing supply of rental and homeownership housing that was affordable to low-income households.³

In a 1988 hearing on the task force report, some Members of the Senate Committee on Banking, Housing, and Urban Affairs suggested that federal funding for housing programs was inadequate to meet the affordable housing needs identified in the report.⁴ Most federal housing assistance distributed to states and localities at the time was restricted to specific uses, such as Section 8 vouchers or Public Housing properties. Furthermore, programs that did give communities flexibility to choose how to use their funds, such as the Community Development Block Grant (CDBG) program,⁵ were primarily meant to fund economic development and community revitalization activities and restricted the ways in which funding could be used for affordable housing. For example, CDBG funds could be used for some housing rehabilitation but could not

¹ U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs and House Committee on Banking, Finance, and Urban Affairs, *A New National Housing Policy: Recommendations of Organizations and Individuals Concerned about Affordable Housing in America*, joint committee print, 100th Cong., 1st sess., October 1987, S. Prt. 100-58 (Washington, DC: GPO, 1987), p. V.

² The National Housing Task Force, *A Decent Place to Live*, March 1988.

³ U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing and Urban Affairs, hearings on *The National Housing Task Force Results of Their Review of the National Housing Policy and the Housing Leaders Analysis of the Task Force's Findings and Recommendations*, 100th Cong., 2nd sess., April 12 and 14, 1988, S. Hrg. 100-689 (Washington, DC: GPO, 1988). "Affordable housing" can be defined differently in different contexts, but is generally understood to mean housing that costs 30% or less of a household's income. Households that pay more than 30% of their income for housing are considered cost-burdened, and households that pay more than 50% of their income for housing are considered severely cost-burdened.

⁴ *Ibid.*, p. 8.

⁵ CDBG was established by the Housing and Community Development Act of 1974 (P.L. 93-383).

generally be used to construct new housing units.⁶ Concerned that existing programs were not meeting the nation's affordable housing needs, members of the Housing Task Force argued to the committee that the level of federal funding specifically dedicated to affordable housing should be increased in order to fully address affordable housing issues. At the same time, task force members argued that local jurisdictions should be allowed more control over the ways in which they used any such federal affordable housing funding.⁷

In 1990, Congress passed a major housing bill that responded to some of the issues raised by the Housing Task Force and other experts.⁸ The Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625), or NAHA, stated that the nation's housing policy was not meeting the goal of providing "decent, safe, sanitary, and affordable living environments for all Americans" that was first set out in the Housing Act of 1949.⁹ The law revised, amended, or repealed several existing housing programs and authorized some new programs.¹⁰ HOME is authorized by Title II of NAHA.¹¹

NAHA was substantially amended by the Housing and Community Development Act of 1992 (P.L. 102-550) and the Multifamily Housing Property Disposition Reform Act of 1994 (P.L. 103-233), in addition to several more-minor amendments.¹² In particular, these acts made some changes to matching requirements and how they incentivized different activities. NAHA articulated an explicit "preference to rehabilitation of substandard housing" in the disbursement of HOME funds. While the current statute retains the language of this preference, many of the statutory provisions that enforced it have been relaxed over time. The most meaningful statutory enforcement of the rehabilitation preference was differential matching requirements by eligible use: NAHA originally required states, localities, and insular areas to match 25% of HOME dollars used for rental assistance and housing rehabilitation, 33% used for substantial rehabilitation, and 50% used for new construction. In 1992 (via P.L. 102-550), these required matching percentages were revised to 25% for all of rental assistance, housing rehabilitation, and substantial rehabilitation, and 30% for new construction. In 1994 (via P.L. 103-233), the matching percentages were revised again, to a 25% match regardless of use. This relaxed what had been a substantial disincentive to invest HOME funds into new construction projects.

HUD promulgated a final rule governing the program in September 1996 following a proposed rule in March 1991 and several interim and proposed rules.¹³ Interim rules in this period emphasized the preference for rehabilitation in light of HUD's belief that "the need for new

⁶ Eligible activities that can be undertaken with CDBG funds are specified in statute at 42 U.S.C. §5305. For more information on CDBG, see CRS Report R43520, *Community Development Block Grants and Related Programs: A Primer*.

⁷ S. Hrg. 100-689, p. 21.

⁸ U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *National Affordable Housing Act*, report to accompany S.566, 101st Cong., 2nd sess., S.Rept. 101-316 (Washington, DC: GPO, 1990), pp. 1-5.

⁹ 42 U.S.C. §12721.

¹⁰ Other programs authorized by NAHA include the Homeownership and Opportunity for People Everywhere (HOPE) program, which is no longer funded, and the Housing Opportunities for Persons with AIDS (HOPWA) program. For more information on HOPWA, see CRS Report RL34318, *Housing for Persons Living with HIV/AIDS*.

¹¹ The HOME statute is at 42 U.S.C. §12722 et. seq.

¹² Other laws that have made amendments to the HOME program include P.L. 102-230, P.L. 104-330, P.L. 106-569, and P.L. 114-113. Appropriations laws in FY2012 and FY2013 also imposed requirements on 2012 and 2013 HOME projects.

¹³ Regulations governing the HOME program are at 24 C.F.R. Part 92.

construction is not as prevalent as the need for rehabilitation.”¹⁴ The 1996 final rule, however, deemphasized the preference for rehabilitation and excluded new construction homeowner projects from certain site and neighborhood standards,¹⁵ finding that “the creation of new homeowner opportunities is important to all neighborhoods.”¹⁶ In December 2011, HUD issued a proposed rule that was finalized in July 2013, the first substantial update since 1996.¹⁷ The 2013 final rule sought to address increasing complexity in program design and new challenges in program administration.¹⁸ Major changes included more restrictive requirements on which organizations qualify as Community Housing Development Organizations (CHDOs) and requirements that participating jurisdictions repay HOME funds for projects not completed, occupied, or sold within given timeframes.¹⁹ (CHDOs are discussed in more detail in the “Community Housing Development Organizations (CHDOs)” section.)

In 2024, HUD issued a new proposed rule, which was finalized in 2025 with an effective date for most provisions of April 20, 2025. Major provisions include reformed maximum per-unit subsidy limits, revised periods of affordability, guidance on resale of HOME-assisted homebuyer housing, streamlined procedures for small-scale rental projects, and relaxed requirements on which organizations qualify as CHDOs. The 2025 final rule also incorporates changes made by previous HUD rulemakings implementing certain provisions of the Housing Opportunity Through Modernization Act of 2016 (HOTMA, P.L. 114-201)²⁰ related to income determinations and changes to inspection standards under HUD’s National Standards for the Physical Inspection of Real Estate (NSPIRE).²¹ In addition, the 2025 final rule includes provisions regarding uniform tenant protections for HOME-assisted renters and exceptions to the maximum per-unit subsidy limit for projects that meet green building standards, but the effective date of these provisions was delayed to October 30, 2025.²²

HOME is the largest federal block grant program that provides funding dedicated exclusively to increasing the availability of adequate, affordable housing for low-and very low-income

¹⁴ U.S. Department of Housing and Urban Development, “Home Investment Partnerships Program,” 56 *Federal Register* 65319, December 16, 1991.

¹⁵ The site and neighborhood standards, which remain in effect for new rental housing construction, are at 24 C.F.R. §92.202 and refer to the project-based voucher program regulation at 24 C.F.R. §983.55(e)(2) and (3). These standards restrict sites from being located in an “area of minority concentration” or “a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area” unless “sufficient, comparable opportunities exist ... outside areas of minority concentration” or “the project is necessary to meet overriding housing needs.”

¹⁶ U.S. Department of Housing and Urban Development, “Office of the Secretary: HOME Investment Partnerships Program: Final Rule,” 61 *Federal Register* 48739, September 16, 1996.

¹⁷ U.S. Department of Housing and Urban Development, “HOME Investment Partnerships Program: Improving Performance and Accountability; Updating Property Standards,” 78 *Federal Register* 44628-44683, July 24, 2013, <https://www.federalregister.gov/d/2013-17348>.

¹⁸ U.S. Department of Housing and Urban Development, “HOME Investment Partnerships Program: Improving Performance and Accountability; and Updating Property Standards,” 76 *Federal Register* 78344, December 16, 2011.

¹⁹ More information on the changes made by the 2013 final rule can be found on HUD’s website at <https://www.hudexchange.info/programs/home/home-final-rule/>.

²⁰ U.S. Department of Housing and Urban Development, “Housing Opportunity Through Modernization Act of 2016: Implementation of Sections 102, 103, and 104,” 88 *Federal Register* 9600, February 14, 2023.

²¹ U.S. Department of Housing and Urban Development, “Economic Growth Regulatory Relief and Consumer Protection Act: Implementation of National Standards for the Physical Inspection of Real Estate (NSPIRE),” 88 *Federal Register* 30442, May 11, 2023.

²² U.S. Department of Housing and Urban Development, “HOME Investment Partnerships Program: Program Updates and Streamlining-Delay of Effective Date, Withdrawal, and Correction,” 90 *Federal Register* 16085-16087, April 17, 2025.

households.²³ The program followed a broader pattern of federal devolution of housing policy to states and localities.²⁴ The program places a particular emphasis on giving states and localities flexibility in how they achieve their affordable housing goals, and funds can be used for a variety of activities related to both rental and owner-occupied housing. HOME is also designed to expand the capacity of states and localities to meet their long-term affordable housing needs by leveraging federal funding to attract state, local, and private investment in affordable housing and by strengthening the ability of government and nonprofit organizations to meet local housing needs.²⁵ HOME also provides explicit support for nonprofit housing developers, and CHDOs expanded rapidly through the 1990s.²⁶

The HOME Program

This section of the report describes the structure of the HOME program, including the requirements that states and localities must meet in order to receive their own allocations of HOME funds, eligible uses of program funds, and certain requirements that HOME-assisted housing must meet. The following section on “HOME Program Funding” describes the funding for the program, including appropriations for HOME and the funding formula that is used to allocate the funds to states and eligible localities.

Participating Jurisdictions

Each fiscal year, Congress typically appropriates funding to HUD for the HOME program during the annual appropriations process. HUD then uses a formula to allocate 40% of the funds to states and the remaining 60% to eligible localities. (This is discussed in more detail in the “HOME Program Funding” section of this report.) States and localities that meet certain requirements to receive their own allocations of HOME funds are referred to as *participating jurisdictions* (PJs).

States are automatically eligible to become PJs and receive the greater of their formula grant amount or \$3 million annually.²⁷ Individual localities can only become PJs if they are metropolitan cities or urban counties,²⁸ and if they are eligible for a HOME allocation of at least \$500,000. Participating localities must contribute at least \$750,000 in total to affordable housing

²³ U.S. Department of Housing and Urban Development, *HOME Overview*, <https://www.hudexchange.info/programs/home/home-overview/>. Low-income households are generally defined as households with incomes at or below 80% of area median income (AMI), and very low-income households are defined as households with incomes at or below 50% of AMI.

²⁴ Victoria Basolo, “Passing the housing policy baton in the US: Will cities take the lead?,” *Housing Studies* 14, (4) (07), 1999, pp. 433-452, <https://www.proquest.com/scholarly-journals/passing-housing-policy-baton-us-will-cities-take/docview/211450828/se-2> (accessed August 5, 2024).

²⁵ 42 U.S.C. §12722.

²⁶ Katherine M. O'Regan and John M. Quigley, “Federal Policy and the Rise of Nonprofit Housing Providers,” *Journal of Housing Research* 11, no. 2 (2000), pp. 297–317.

²⁷ 42 U.S.C. §12747(b)(2)(A).

²⁸ A metropolitan city is defined to be the central city of a metropolitan statistical area (MSA), as defined by the Office of Management and Budget (OMB), or any other city within a metropolitan area with a population of at least 50,000 people. An urban county is defined to be a county in a metropolitan area that is authorized by state law to undertake essential community development and housing assistance activities in its unincorporated areas and either (1) has a population of at least 200,000 people, excluding metropolitan cities within the county, with at least 100,000 of that population residing in unincorporated areas or included units of general local government in which the county has the authority or has entered into agreements to undertake community development or housing assistance activities, or (2) has a population of at least 100,000 people, a population density of at least 5,000 people per square mile, and includes no incorporated places (as defined by the U.S. Census Bureau) within its borders. These definitions can be found at 42 U.S.C. §5302(a)(4) and 42 U.S.C. §5302(a)(6).

activities. Localities that receive a formula allocation of more than \$500,000 but less than \$750,000 must make up that difference with their own funds, resources from their state, or a share of their state's formula allocation in order to become a PJ. Such localities must also have a local public housing authority and have "demonstrated a capacity to carry out" HOME activities to become eligible. HUD may revoke a locality's eligibility if their formula eligibility falls below certain thresholds, but is not required to do so.²⁹

Localities that do not meet the requirements to become PJs may join with other contiguous localities to form consortia in order to reach the minimum funding thresholds. As of FY2024, there were 147 participating consortia and 632 total local PJs. Localities that are not PJs can also participate in the HOME program by applying to their home state to receive a portion of the state's allocation of HOME funds.³⁰ States in which no locality receives its own allocation of HOME funding have their grant amounts increased by \$500,000.³¹

A PJ can administer HOME funds itself, or it can designate a governmental entity—including a public housing authority, housing finance agency, or redevelopment authority—or nonprofit organization to administer all or part of the HOME program on its behalf. Such an organization is referred to as a subrecipient. States can also choose to provide funds to local governments to carry out HOME programs—in which case the local government is referred to as a *state recipient*—but are not required to do so.³² PJs or their subrecipients can distribute funds to a variety of organizations to undertake specific projects. These organizations can include both for-profit and nonprofit developers, owners, and sponsors of affordable housing; Community Housing Development Organizations (CHDOs);³³ governmental entities; and private lenders, faith-based organizations, and third-party contractors. Governmental entities and nonprofits can receive HOME funds both as developers/owners and as administering subrecipients, but they cannot hold both roles for the same projects or programs.³⁴

The Consolidated Plan³⁵

To become a PJ and receive HOME funding, a state or locality must submit a Consolidated Plan to HUD for approval.³⁶ The Consolidated Plan covers a three- to five-year period and includes a detailed description of the jurisdiction's housing needs and an explanation of how it will use

²⁹ HUD may revoke a locality's eligibility if their formula eligibility falls below \$750,000 for three consecutive years; below \$625,000 for two consecutive years; or below \$500,000 in any year. In years when appropriations for HOME are less than \$1.5 billion, the \$500,000 threshold is adjusted to \$335,000; the \$625,000 threshold is adjusted to \$410,000; and the \$750,000 threshold is adjusted to \$500,000. However, Congress waived this threshold reduction in annual appropriations acts every year from FY2012 to FY2021 when appropriations fell below \$1.5 billion.

³⁰ Localities that would otherwise be eligible for a formula allocation of HOME funds may opt out and apply competitively for state HOME funds instead.

³¹ 42 U.S.C. §12747(b)(2)(B).

³² 24 C.F.R. §92.201(b)(2)

³³ CHDOs are private, nonprofit organizations that meet certain legal and organizational requirements, as well as requirements concerning their capacity and experience related to affordable housing activities. PJs are required to provide at least 15% of their HOME funding to projects that are owned, sponsored, or developed by CHDOs. That requirement is described in the "Community Housing Development Organizations (CHDOs)" section.

³⁴ This is current practice, but see especially the clarification to the definition of "subrecipient" at 89 *Federal Register* 46622, <https://www.federalregister.gov/d/2024-10975/p-48>.

³⁵ For more information on the Consolidated Plan, see CRS Report R48073, *HUD's Consolidated Planning Process: An Overview*.

³⁶ Regulations governing the consolidated planning process are at 24 C.F.R. Part 91. Information on the process is also available on HUD's website at <https://www.hudexchange.info/consolidated-plan/consolidated-plan-process-grant-programs-and-related-hud-programs/>.

HOME funding and funding from certain other HUD block grant programs to meet its specific housing needs.³⁷ The Consolidated Plan also describes how the jurisdiction will leverage HOME funds to attract local, private, nonprofit, or other nonfederal sources of funds for affordable housing, and it prioritizes projects by type and geographic location. While many activities are eligible uses of HOME dollars, PJs must specify in their Consolidated Plan which activities they intend to fund.³⁸

As part of the consolidated planning process, PJs submit annual Action Plans that describe the specific activities that a PJ plans to undertake during the year to address its housing needs and make progress toward the goals that are included in its Consolidated Plan. PJs also submit annual performance reports on their use of funds and their progress toward their goals.³⁹

The Consolidated Plan is meant to be the product of “a participatory process among citizens, organizations, businesses, and other stakeholders” in a community.⁴⁰ The HOME regulations stress community participation, especially by low- and moderate-income individuals, in developing the Consolidated Plan, and jurisdictions must submit a “citizen participation plan” that describes how citizens have been included and consulted in the process.

Eligible HOME Activities

In the years leading up to NAHA’s passage, some experts argued that local affordable housing needs varied, and that localities should be free to develop solutions that fit local conditions.⁴¹ HUD describes the HOME program’s design as reinforcing the principle of giving communities control over how to best meet their affordable housing needs.⁴² Accordingly, a wide range of activities related to affordable housing for low-income households qualify for HOME funding. These include both homeownership and rental housing activities.

The eligible uses of HOME funds fall into six broad categories:

- *New Construction of Owner-Occupied Housing.* Funds may be used to newly construct affordable housing for homeownership.
- *Rehabilitation of Owner-Occupied Housing.* Funds may be used to help existing homeowners rehabilitate their homes.
- *Assistance to Homebuyers.* Funds may be used to acquire affordable housing for homeownership.
- *New Construction of Rental Housing.* Funds may be used to newly construct affordable rental housing.

³⁷ The other programs included in the Consolidated Plan are Community Development Block Grants (CDBGs), Emergency Solutions Grants (ESGs), Housing Opportunities for Persons with AIDS (HOPWA), and the Housing Trust Fund. For more information on CDBG, see CRS Report R43520, *Community Development Block Grants and Related Programs: A Primer*. For more information on ESG, see CRS Report RL33764, *The HUD Homeless Assistance Grants: Programs Authorized by the HEARTH Act*, and for more information on HOPWA, see CRS Report RL34318, *Housing for Persons Living with HIV/AIDS*. For more information on the Housing Trust Fund, see CRS Report R40781, *The Housing Trust Fund: An Overview*.

³⁸ Consolidated Plans can be found on HUD’s website at <https://www.hudexchange.info/programs/consolidated-plan/con-plans-aaps-capers/>.

³⁹ The annual report is referred to as the Consolidated Annual Performance and Evaluation Report (CAPER).

⁴⁰ 24 C.F.R. §91.1(b)(1).

⁴¹ S. Hrg. 100-689, p. 21.

⁴² U.S. Department of Housing and Urban Development web page, *HOME Overview*, <https://www.hudexchange.info/programs/home/home-overview/>.

- *Rehabilitation of Rental Housing.* Funds may be used to rehabilitate or acquire existing rental housing.
- *Tenant-Based Rental Assistance (TBRA).* Funds may be used to provide rental assistance. Recipients may freely use the tenant-based assistance in HOME-assisted housing or in other qualified housing.

Within these categories, HOME funds may be used to pay the following eligible costs, as grants or as loans:⁴³

- *Development hard costs:* costs associated with the construction and rehabilitation of affordable housing, including cost of demolition, utility connections, site improvements, and multifamily community facilities. Reconstruction is considered rehabilitation, including for rebuilding housing destroyed less than 12 months before HOME funds are committed.
- *Refinancing costs:* costs to refinance existing debt secured by projects being rehabilitated using HOME funds.
- *Acquisition costs:* purchase costs of real property, including down payment assistance to homebuyers.
- *Related soft costs:* costs such as professional planning services, including for environmental review or other environmental studies; associated financing and development fees, including impact fees, environmental review fees, legal fees, private appraisal fees, and other lender-required third-party reporting fees; filing fees for zoning or planning review and approval; and information services such as affirmative marketing and fair housing information.
- *Relocation costs:* relocation payments and other relocation assistance to persons displaced by the project.
- *Eligible TBRA costs:* rental assistance, security deposits, and utility deposits.⁴⁴
- *Lead-based paint hazards:* HOME funds may be used for the evaluation and reduction of lead-based paint hazards.⁴⁵
- *Administrative costs:* up to 10% of a PJ's HOME funds may be used for any administrative and planning costs, including salaries of persons engaged in administering and managing HOME activities.⁴⁶
- *CHDO costs:* up to 5% of a PJ's HOME funds may be used for the operating expenses of CHDOs.

The law requires PJs to give preference to rehabilitation of existing rental and owner-occupied units, but allows a PJ to undertake other activities if it determines that rehabilitation is not a sufficient or cost-effective strategy to meet its affordable housing needs.⁴⁷ In practice, following changes to matching requirements made in 1992 (via P.L. 102-550) and 1994 (via P.L. 103-233) that reduced disincentives for new construction, the largest share of HOME funding has been

⁴³ 24 C.F.R. §92.205

⁴⁴ Utility deposits are only eligible costs when the recipient also receives tenant-based rental assistance or a security deposit payment. See 24 C.F.R. §92.209(a).

⁴⁵ 42 U.S.C. §12742(a)(5).

⁴⁶ See 24 C.F.R. §92.207 for a description of eligible administrative expenses.

⁴⁷ 42 U.S.C. §12742(a)(2).

spent on new construction, and in recent years more new construction units than rehabilitation units have been completed, as discussed further in the section “Uses of HOME Funds.”

Certain activities are not eligible for funding under the HOME program. Ineligible uses of HOME funds include modernizing public housing, providing tenant-based rental assistance under the Section 8 program, supporting ongoing operational costs of rental housing (other than TBRA), paying back taxes or fees on properties that are or will be assisted with HOME funds, and providing nonfederal matching funds for any other federal program. Other uses not authorized in statute or regulation are also prohibited.⁴⁸

Selected HOME Program Requirements

While PJs have much flexibility in choosing which eligible activities they will fund with HOME dollars, any projects funded through HOME must meet certain requirements in keeping with the program’s stated objectives. This section describes some of the key requirements with which PJs must comply.

Income Targeting

A stated purpose of the HOME program, according to the authorizing statute, is to increase the supply of decent, affordable housing for people with low incomes and very low incomes.⁴⁹ Accordingly, all HOME funds must be used to assist low-income households, which are defined as households with annual incomes at or below 80% of area median income (AMI). Deeper income targeting requirements apply to rental housing and tenant-based rental assistance.

Housing for Homeownership: All HOME funds that are used for existing owner-occupied housing or to assist homebuyers must benefit units that are occupied by households with incomes at or below 80% of area median income.⁵⁰

Rental Housing and Tenant-Based Rental Assistance: At least 90% of HOME-assisted rental dwelling unit occupants and recipients of tenant-based rental assistance must be households whose incomes are at or below 60% of area median income. The remaining occupants of assisted rental housing and TBRA recipients must be households with incomes at or below 80% of area median income.⁵¹

If HOME-assisted rental units temporarily fail to meet tenant income requirements because of an increase in the current tenants’ income, the project is still considered to be in compliance as long as vacancies are filled according to such requirements.

Affordability and Other Requirements

The income targeting requirements described above ensure that HOME-assisted units benefit low-income households. Additionally, HOME-assisted units must be affordable to low-income households, and must continue to be occupied by low-income households and remain affordable to such households over the long term. As with income targeting, the precise requirements that must be met depend on whether HOME funding is used for housing for homeownership

⁴⁸ Activities that are prohibited uses of HOME funds are described at 42 U.S.C. §12742(d) and 24 C.F.R. §92.214.

⁴⁹ 42 U.S.C. §12722.

⁵⁰ 42 U.S.C. §12744 and 24 C.F.R. §92.217.

⁵¹ 42 U.S.C. §12744 and 24 C.F.R. §92.216.

(homebuyer assistance, new construction, or rehabilitation of owner-occupied housing) or for rental housing.

As of February 27, 2025, 21% (290,769) of all HOME-assisted units were within their statutory period of affordability, including 68% (186,020) of HOME-assisted newly constructed rental units.⁵² Units outside of their statutory period of affordability are not necessarily unaffordable units. PJs may elect to impose *extended use periods*, beyond what is required by statute, in their written agreements. Individual projects may also voluntarily maintain affordable rents and purchase prices longer than they are statutorily required to do so.

The following requirements apply to housing for homeownership:⁵³

- By statute, the initial purchase price or value after rehabilitation of housing for homeownership must not exceed 95% of the area median purchase price for single-family housing. HUD provides homeownership value limits set at 95% of the median purchase price for the area, calculated separately for new construction and for existing housing.⁵⁴
- The housing must be single-family housing.⁵⁵
- The homeowner or homebuyer must use the property as their principal residence.
- If the housing is newly constructed, it must meet energy-efficiency standards.
- Homebuyer units acquired, rehabilitated, or constructed with HOME funds must be sold within 12 months. Otherwise, the housing unit must be converted to rental housing.
- Homebuyer acquisition projects and homebuyer new construction projects using HOME funds must continue to meet the definition of affordability described above for 5, 10, or 15 years, depending on the per-unit amount of HOME funds expended on a project.⁵⁶ There are no statutory long-term affordability requirements for homeowner rehabilitation projects using HOME funds. However, the PJ can choose to impose an affordability period.
- If a homeowner sells their home during the affordability period, they are required to sell it to another qualified low-income buyer (resale) or to return some of the proceeds of the sale to the PJ in order to cover the HOME funds that were invested in the home (recapture).⁵⁷ The PJ must determine whether to require resale or recapture *before* HOME assistance is provided.
- HOME-assisted homebuyers must receive housing counseling.

⁵² Custom tabulations of HOME data made available to CRS by the U.S. Department of Housing and Urban Development, Office of Affordable Housing Programs, March 5, 2025.

⁵³ These requirements are established at 24 C.F.R. §92.254.

⁵⁴ HUD regulations at 24 C.F.R. §92.254(a)(2)(iii) provide more detail on how the limits are calculated. Current and historical limits are available on HUD's website at <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>.

⁵⁵ HUD defines "single-family housing" to be "a one- to four-family residence, condominium unit, cooperative unit, combination of manufactured housing and lot, or manufactured housing lot"; 24 C.F.R. §92.2.

⁵⁶ The average per-unit HOME cost for homebuyer acquisition projects (typically downpayment assistance) was \$28,121 in FY2024, which would require an affordability term of 10 years. The average per-unit HOME cost for homebuyer new construction projects was \$73,606 in FY2024, which would require an affordability term of 15 years.

⁵⁷ For more information on how resale and recapture requirements can be structured, see U.S. Department of Housing and Urban Development, "HOME Investment Partnerships Program: Program Updates and Streamlining," 90 *Federal Register* 881-885, January 6, 2025.

The following requirements apply to rental housing development:⁵⁸

- All HOME rental housing projects must have rents below a maximum limit (High HOME Rents) and some units must be more deeply affordable (Low HOME Rents).
 - High HOME Rents: The maximum rent for a HOME-assisted rental unit is the lesser of (1) the fair market rent⁵⁹ for comparable units in the jurisdiction, or (2) 30% of 65% of area median income.⁶⁰ Maximum rents for the HOME program are published online.⁶¹
 - Low HOME Rents: If a project includes five or more HOME-assisted units, at least 20% of the HOME-assisted units must have rents that do not exceed 30% of 50% of area median income. These Low HOME Rent units must be occupied by families with incomes not exceeding 50% of area median income. Low HOME Rents cannot exceed High HOME Rents.
- Rehabilitation or acquisition rental projects must remain affordable for 5, 10, or 15 years, depending on the per-unit amount of HOME funds expended on the project.⁶² All new construction—or acquisitions of newly constructed housing—must remain affordable for 20 years.
- If the housing is newly constructed, it must meet energy-efficiency standards.
- The housing must be available to Section 8 voucher holders.

PJs must repay any HOME funds used for rental units that are not rented to eligible tenants within 18 months of the project being completed. Homebuyer units that are not sold to eligible homebuyers within nine months of the project's completion are to be rented to eligible tenants.

Housing units can qualify as affordable housing if they meet the required eligibility criteria even if they account for less than 100% of the dwelling units in a project (mixed income) or exist in a project designed in part for uses other than residential (mixed use).⁶³ However, HOME funds may only be used for units that meet HOME requirements, including those within mixed-income or mixed-use projects. Matching contributions from PJs are only recognized when made with respect to units in projects where at least half of the units qualify as affordable housing under the HOME requirements.⁶⁴

Maximum Per-Unit Subsidy Limits

When using HOME funds for owner-occupied housing rehabilitation, homebuyer assistance, or rental housing activities, PJs must follow restrictions on the minimum and maximum amounts of HOME funds that they can contribute to a given project. When PJs use HOME funds for tenant-

⁵⁸ These requirements are established at 42 U.S.C. §12745(a) and 24 C.F.R. §92.252.

⁵⁹ Fair market rents (FMRs) are calculated annually by HUD and are meant to reflect the cost of modest housing in a community. FMRs can be found on HUD's web page at <http://www.huduser.org/datasets/fmr.html>.

⁶⁰ Participating jurisdictions must determine tenants' annual income according to the guidelines at 24 C.F.R. §92.203. HUD's maximum HOME rents will also take into account the number of bedrooms in a unit and average occupancy per unit.

⁶¹ The maximum HOME rents are published at <https://www.hudexchange.info/programs/home/home-rent-limits/>.

⁶² The average per-unit cost of rehabilitating or acquiring rental housing was \$86,789 in FY2024, which would require an affordability term of 15 years.

⁶³ See 42 U.S.C. §12745(a)(4) and 42 U.S.C. §12745(a)(5).

⁶⁴ See 42 U.S.C. §12750(b)(1)(B).

based rental assistance, they must establish both a maximum subsidy amount and a minimum tenant contribution to the tenant's rent.

Owner-Occupied and Rental Housing. The minimum amount of HOME funds that can be used for new construction, rehabilitation, or acquisition of owner-occupied or rental housing is \$1,000 multiplied by the number of HOME-assisted units in a project. The maximum per-unit subsidy limits are currently based on the Federal Housing Administration's (FHA's) Section 234-Condominium Housing basic mortgage limits for elevator-type projects. These limits are published annually by HUD's Office of Multifamily Housing in the *Federal Register* and vary according to the number of bedrooms, whether the structure has an elevator, and the location of the project.⁶⁵

NAHA directs HUD to base maximum per-unit subsidy amounts on the Section 221(d)(3) mortgage insurance program. After that program was discontinued in 2013, HUD published an interim policy in 2015 that identified the Section 234 Condominium Housing Insurance Program as a substantially similar alternative, pending further rulemaking.⁶⁶ The 2025 Final Rule provides that HUD will publish a new methodology for determining maximum per-unit dollar limits through a publication in the *Federal Register* at a later date. These new limits will be no lower than the previous limits in accordance with HUD's understanding of Section 212(e) of NAHA as a floor, rather than a cap, for the maximum per-unit subsidy limit.⁶⁷

Tenant-Based Rental Assistance. The maximum HOME subsidy amount for tenant-based rental assistance is the difference between 30% of the household's adjusted monthly income and a jurisdiction-wide rent limit established by the PJ. The rent limit must conform to certain parameters established by HUD.⁶⁸ Each PJ is also required to set a minimum tenant contribution for tenant-based rental assistance. The minimum tenant contribution can either be a flat dollar amount or a percentage of tenant income.

Subsidy Layering

HOME funds are often combined with other federal resources to support affordable housing projects; using a combination of federal funds from different sources for a single project is known as subsidy layering. For example, a project that uses HOME funds might also use funds from other HUD programs, funds raised through the Department of the Treasury's Low-Income Housing Tax Credit (LIHTC) program, or funds from rural housing programs administered by the U.S. Department of Agriculture. From 2017 to 2023, 57% of completed HOME rental units were in LIHTC projects. Those units accounted for 64% of the funds disbursed for completed rental units in that time period.⁶⁹

Additionally, HUD's HOME National Production Reports show that almost half of households living in rental units constructed, rehabilitated, or acquired using HOME dollars through FY2024 received some kind of rental assistance at the time of initial occupancy. Twenty-seven percent

⁶⁵ Current limits and limits from past years can be found at <https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>.

⁶⁶ HUD Notice CPD-15-003, <https://www.hudexchange.info/resource/4470/notice-cpd-15-003-interim-policy-on-maximum-per-unit-subsidy-limits-for-the-home-program/>

⁶⁷ U.S. Department of Housing and Urban Development, "HOME Investment Partnerships Program: Program Updates and Streamlining," 89 *Federal Register* 46628, May 29, 2024.

⁶⁸ For requirements governing rent limits, see 24 C.F.R. §92.209.

⁶⁹ Data on HOME Units Completed within LIHTC projects by state are available at <https://www.hudexchange.info/programs/home/ad-hoc-reports/>.

received Section 8 Housing Choice Vouchers, 3% received HOME TBRA, and 16% received other federal, state, or local assistance.

The HOME statute and regulations require a PJ to certify to HUD that the aggregate amount of federal funds, including HOME funds, that is invested in a housing project is no more than is necessary to provide affordable housing.⁷⁰

Matching Requirement

Two stated goals of the HOME program are to leverage federal affordable housing funds by encouraging state, local, and private investment in affordable housing activities, and to increase the capacity of states and localities to meet their affordable housing needs.⁷¹ Accordingly, the HOME statute requires PJs to match at least 25 cents for each dollar of HOME funds spent in a fiscal year with their own permanent contribution to affordable housing activities.

A PJ's matching funds can come from a wide variety of nonfederal sources, including state or local governments, charitable organizations, and the private sector. The matching funds must be devoted to affordable housing activities that are eligible under the HOME guidelines, but they do not necessarily have to support projects that use HOME funds. The match can also take many forms, including in-kind contributions such as labor, construction materials, and land for HOME-eligible projects. Other contributions, such as foregone taxes, other foregone fees, and infrastructure improvements, may also count toward the matching requirement if they are used specifically for projects funded by HOME dollars. The matching requirement may not be met using federal funds.⁷²

The matching requirement must be met in the same fiscal year that HOME funds are used, but if a jurisdiction provides more matching funds than are required in a given year, it can carry those funds forward to meet the matching requirement in subsequent years.⁷³ The statute directs the Secretary to reduce or eliminate a PJ's match requirement if the PJ certifies that it is under a condition of fiscal distress. The Secretary can choose to reduce or eliminate the match requirement if the President declares the jurisdiction to be a major disaster area.⁷⁴

Although nearly all HOME funds are subject to the matching requirement, certain uses of funds are not required to be matched by the PJ. Funds that do not have to be matched—but also do not constitute matching contributions—include forgiven loans to Community Housing Development Organizations (CHDOs), funds used for administrative purposes (up to an allowable limit), and funds used to fill the threshold gap between a locality's formula allocation and its required \$750,000 contribution to affordable housing activities, unless state HOME funds are used to fill this gap.

⁷⁰ See 42 U.S.C. §12742(f) and 24 C.F.R. §92.250(b).

⁷¹ 42 U.S.C. §12722.

⁷² Requirements governing the matching contribution are at 42 U.S.C. §12750 and 24 C.F.R. §§92.218-92.222.

⁷³ 24 C.F.R. §92.221(b).

⁷⁴ The Secretary is required to reduce a jurisdiction's match requirement by 50% if the jurisdiction certifies that it is in a condition of fiscal distress and by 100% if the jurisdiction certifies that it is in a condition of severe fiscal distress. A jurisdiction other than a state is considered to be fiscally distressed if it (1) has an average poverty rate in the preceding calendar year that is equal to or greater than 125% of the average national poverty rate, or (2) has an average per capita income in the preceding calendar year that is less than 75% of the average national per capita income. A jurisdiction is considered severely fiscally distressed if it meets both of these conditions. The Secretary may choose to reduce a jurisdiction's match requirement by up to 100% if the jurisdiction is in an area in which a declaration of a disaster under the Stafford Act is in effect for any part of the fiscal year. See 42 U.S.C. §12750(d).

Leveraging

Leveraging refers to a program's ability to use its own program dollars to attract additional funding from other sources, including nonfederal sources of funds. HOME does not have a specific leveraging requirement, but HOME dollars alone are usually not sufficient to fully fund an affordable housing development project. Leveraging can be an important concept for affordable housing because attracting multiple funding sources makes projects more feasible, reduces the amount of federal funding that needs to be invested in a project, and can help to build the capacity of organizations that might not be able to undertake projects without the assistance of HOME funds.

According to HUD, for HOME-assisted units completed between FY1992 (the first year in which the program was funded) and FY2024, \$4.90 in non-HOME funds was used for every dollar of HOME funds.⁷⁵ This amount includes other federal funding sources as well as funding from other, nonfederal sources (such as states, local governments, and private entities).⁷⁶ The leverage ratio has increased over time: in FY2015, \$4.87 in non-HOME funds was used for every dollar of HOME funds, but in FY2024, \$9.08 in non-HOME funds was used for every dollar of HOME funds. This represents HOME dollars making up a smaller share of total project costs over time.

Community Housing Development Organizations (CHDOs)

As noted earlier, one of the stated purposes of the HOME authorizing legislation is to expand the capacity of nonprofit agencies to provide affordable housing for low and very-low-income households. As a means of furthering this goal, the HOME statute requires each PJ to reserve at least 15% of its HOME funding for Community Housing Development Organizations (CHDOs).⁷⁷ In practice, greater than 20% of HOME funding has been reserved for CHDOs in every year from 1992 to 2015⁷⁸ (the most recent year for which 100% of authorized funding has been committed and disbursed).⁷⁹

CHDOs are private nonprofit organizations that meet certain legal and organizational requirements. Statutorily, a CHDO must have the provision of decent and affordable housing as one of its purposes, must maintain accountability to low-income community residents and beneficiaries, have a demonstrated capacity to carry out affordable housing projects, and have a history of serving the local communities to be assisted with federal grants.⁸⁰ The composition of CHDO governing boards is established by regulation to comply with this statute. No more than

⁷⁵ HUD, Office of Community Planning and Development, HOME National Production Report, September 2023. The National Production Reports are available at <https://www.hudexchange.info/manage-a-program/home-national-production-reports/>.

⁷⁶ In the past, the Government Accountability Office (GAO) has noted that alternative leverage measures can provide additional information about a program's effectiveness at leveraging different types of funds, and that leverage ratios will differ depending on the type of spending (e.g., other federal spending, state and local spending, or private spending) included. See GAO, *More Information on Leverage Measures' Accuracy and Linkage to Program Goals is Needed in Assessing Performance*, GAO-08-136, January 2008, <http://www.gao.gov/new.items/d08136.pdf>.

⁷⁷ 42 U.S.C. §12771.

⁷⁸ HUD HOME National Production Reports, September 2023, <https://www.hudexchange.info/programs/home/home-national-production-reports/>.

⁷⁹ HOME funds that are not expended within five years of the end of the period of availability specified in appropriations acts revert to Treasury. For example, the FY2016 Consolidated Appropriations Act specified that HOME funds appropriated in FY2016 remain available until the end of FY2019. Therefore, any funds not spent by the end of FY2024 (five years after the last date the funds were available) were to be returned to Treasury. As of October 1, 2024, 99.61% of FY2016 funds had been committed and 99.41% had been disbursed.

⁸⁰ 42 U.S.C. §12704(6).

one-third of board members may be appointed by a sponsoring for-profit entity; at least two-thirds of board members must be acting in a private capacity (i.e., not be public officials); and at least one-third of board members must be low-income community residents, elected representatives of low-income neighborhood organizations, or designees of certain nonprofit organizations.⁸¹ In addition, CHDOs must have a formal process for low-income program beneficiaries to participate in planning, and must show one year of serving the community before HOME funds are reserved.⁸²

CHDO reservation funds must be used for projects where the CHDO develops, owns, or sponsors affordable housing. CHDOs may share developer responsibilities with private, non-CHDO partners, provided that the CHDO remains “in charge” of all aspects of the development process.⁸³ CHDOs can engage in other eligible HOME activities using HOME funds, but any funding spent on projects in which the CHDO is not the developer, owner, or sponsor will not count toward the 15% set-aside requirement for CHDOs.⁸⁴ For example, a CHDO could administer a TBRA program, but since the CHDO would not be developing, owning, or sponsoring affordable housing, in this case the funds would not count toward the 15% of funds that must be reserved for CHDOs.

HOME Program Funding

This section describes funding for the HOME program, including its appropriations history, the formula that HUD uses to distribute funds to PJs, and the distribution of HOME funds in FY2024 (the most recent HOME funding distributed as of the date of this report). It also discusses the concept of leveraging HOME funds to attract other sources of funding for affordable housing activities.

Annual Appropriations

Each year, during the annual appropriations process, Congress typically appropriates funding for HOME within HUD’s overall appropriation. In FY1992, the first year in which HOME was funded, Congress appropriated \$1.5 billion to the HOME account.⁸⁵ From FY1993 to FY1998, annual appropriations to the HOME account fluctuated between \$1 billion and \$1.5 billion, and from FY1999 through FY2011 appropriations fluctuated between \$1.6 billion and \$2 billion, reaching a high of just over \$2 billion in FY2004. From FY2012 to FY2017, annual appropriations to the HOME account were \$1 billion or below, reflecting, in part, the overall fiscal environment.⁸⁶ Since FY2018, annual appropriations to the HOME account have again exceeded \$1 billion, including an appropriation of \$1.25 billion in FY2025.

While most of the funding appropriated to the HOME account is used for formula grants to states and localities, in past years the HOME account has sometimes also included funding that was set

⁸¹ 24 C.F.R. §92.2 “Community housing development organization” as revised at 90 *Federal Register* 864.

⁸² 24 C.F.R. §92.2 “Community housing development organization.”

⁸³ 24 C.F.R. §92.300 as revised at 90 *Federal Register* 886.

⁸⁴ 24 C.F.R. §92.300 defines what it means for a CHDO to own, develop, or sponsor affordable housing.

⁸⁵ Funding figures are not adjusted for inflation.

⁸⁶ Furthermore, as described in footnote 109, certain concerns about the oversight of HOME program funds were raised around 2011; these concerns may have also impacted appropriations decisions. In FY2012 and FY2013, annual appropriations acts included certain additional requirements for HOME funds; in 2013, HUD published a final rule that made more permanent changes to program regulations and included provisions that were similar, but not identical, to these appropriations act requirements.

aside for related affordable housing programs or activities. For several years prior to FY2008, two major set-asides funded through the HOME account were housing counseling (which is now funded in its own account) and down payment assistance through the American Dream Downpayment Initiative, or ADDI (which is no longer specifically funded, although down payment assistance is an eligible use of HOME funds). The former HOME account set-asides for housing counseling and ADDI are discussed in more detail in **Appendix A**. The President's budget from FY2022 to FY2025 has requested a set-aside of funding specifically for homebuyer assistance under a proposed FirstHOME Downpayment Assistance Initiative, but Congress has not funded this set-aside to date.⁸⁷

Since FY2012, the only set-asides funded within the HOME account have been HOME formula grants for the insular areas (Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa), which are statutorily the greater of \$750,000 or 0.2% of total HOME appropriations.⁸⁸

Table 1 shows annual appropriations levels for the HOME program from FY1992 through FY2025, including the amounts appropriated for formula grants and for set-asides. The figures are not adjusted for inflation.

Table 1. Appropriations for the HOME Account, FY1992-FY2025
(nominal dollars in millions)

Fiscal Year	HOME Formula Grants	HOME Set-Asides	HOME Account Total ^a
1992	1,460	40	1,500
1993	988	12	1,000
1994	1,213	62	1,275
1995	1,336	64	1,400
1996	1,361	39	1,400
1997	1,332	68	1,400
1998	1,438	62	1,500
1999	1,550	50	1,600
2000	1,553	47	1,600
2001	1,734	62	1,796
2002	1,743	53	1,796 ^b
2003	1,850	137	1,987
2004	1,855	150	2,006
2005	1,785	115	1,900
2006	1,677	81	1,757
2007	1,677	81	1,757
2008	1,625	79	1,704
2009	1,805	20 ^c	1,825 ^d

⁸⁷ See, for example, page 20-2 of the U.S. Department of Housing and Urban Development's FY2025 Congressional Justifications, https://www.hud.gov/sites/dfiles/CFO/documents/2025_CJ_Program_-_HOME.pdf.

⁸⁸ 42 U.S.C. §12747(a)(3)

Fiscal Year	HOME Formula Grants	HOME Set-Asides	HOME Account Total ^a
2010	1,803	22	1,825
2011	1,587	19	1,607
2012	998	2	1,000
2013	946	2	948 ^e
2014	998	2	1,000
2015	898	2	900
2016	948	2	950
2017	948	2	950
2018	1,359	3	1,362
2019	1,248	3	1,250
2020	1,347	3	1,350
2021	1,347	3	1,350 ^f
2022	1,497	3	1,500
2023	1,497	3	1,500
2024	1,248	3	1,250 ^g
2025	1,248	3	1,250 ^h

Source: Figures are from HUD's FY1994-FY2025 Budget Justifications and annual appropriations acts.

- a. Totals may not add due to rounding. All appropriations figures are post-rescission and do not include any supplemental emergency or disaster funding.
- b. The original HOME appropriation for FY2002 was \$1,846 million, with \$103 million of that amount accounting for HOME set-asides. This included \$50 million for a "Downpayment Assistance Initiative," a precursor to the American Dream Downpayment Initiative (ADDI). However, the appropriation for the down payment assistance program was subject to the program's being authorized by June 30, 2002. This authorization did not occur in time, and a supplemental FY2002 appropriations bill (P.L. 107-206) rescinded the \$50 million appropriation for down payment assistance.
- c. Beginning in FY2009, the appropriation to the HOME account no longer includes set-asides for either the American Dream Downpayment Initiative or housing counseling (housing counseling was funded under its own account). Both programs are discussed in further detail in **Appendix A**.
- d. Total does not include additional funding for the HOME account appropriated in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5), which was enacted in February 2009. ARRA provided supplemental appropriations to a number of programs with the intention of stimulating the economy. The HOME account received \$2.25 billion under ARRA, which was in addition to its regular FY2009 appropriation. However, rather than being used for traditional HOME program activities, Congress specified that the HOME funding appropriated under ARRA was to be used solely for states to provide gap financing to stalled Low-Income Housing Tax Credit (LIHTC) projects. This funding is referred to as the Tax Credit Assistance Program (TCAP). For more information on TCAP, see HUD's archived web page on the program at <https://archives.hud.gov/recovery/programs/tax.cfm>.
- e. The FY2013 figures include reductions due to sequestration.
- f. The FY2021 figures do not include funding for the HOME account appropriated in response to the COVID-19 pandemic under Section 3205 of the American Rescue Plan Act of 2021 (ARP, P.L. 117-2), which was enacted in March 2021. There are several key differences in eligible activities between HOME and HOME-ARP. For more information, see HUD Notice CPD-21-10 (<https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-10cpdn.pdf>).
- g. The FY2024 figures reflect final appropriations, rather than the annualized CR reflected in HUD's FY2025 Budget Justification. Per CPD formula program allocations for FY2024, \$2.5 million was set aside for the insular areas of American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands.

- h. The FY2025 figures reflect that the FY2025 Full-Year Continuing Appropriations and Extensions Act (P.L. 119-4) funded the HOME program at the FY2024 level.

The HOME Formula

HUD distributes the funds appropriated to the HOME program to PJs using a formula. By law, 40% of the funds are allocated to states and the remaining 60% are allocated to localities.⁸⁹ For the purposes of the HOME program, the District of Columbia and Puerto Rico are considered to be states.⁹⁰ States receive a minimum yearly allocation of \$3 million, and states with no eligible local PJs receive a bonus of \$500,000.⁹¹

Before distributing funds to states and localities, HUD sets aside the greater of \$750,000 or 0.2% of the total HOME appropriation for the “insular areas,” defined in statute as Guam, the Northern Mariana Islands, the U.S. Virgin Islands, and American Samoa. Allocations to insular areas are based on population and number of occupied rental units.⁹² In FY2024, the amount set aside for the insular areas was \$2.5 million.

The HOME formula for states and localities takes into account six factors, prioritizing states and localities with high poverty rates and inadequate rental housing stocks.⁹³ Four of these factors are weighted 20%:

- The number of occupied rental units in a jurisdiction that have at least one of four problems: (1) overcrowding, defined as more than one occupant per room; (2) incomplete kitchen facilities, defined as the lack of a sink with running water, a range, or a refrigerator; (3) incomplete plumbing, defined as the lack of hot and cold piped water, a flush toilet, or a bathtub or shower that is inside the unit and used solely by the unit’s occupants; or (4) high rent costs, defined as rent that costs more than 30% of the household’s income.
- The number of rental units in a jurisdiction that were built before 1950 and are occupied by poor households.
- The number of occupied rental units in a jurisdiction that have at least one of the four problems discussed above (overcrowding, incomplete kitchen facilities, incomplete plumbing, or high rent costs) multiplied by the ratio of the cost of producing housing within the jurisdiction to the cost of producing housing nationally.
- The number of families at or below the poverty level in a jurisdiction.

The remaining two factors are weighted 10%:

- The number of rental units in a jurisdiction, adjusted for vacancies, where the head of household’s income is at or below the poverty line. This number is multiplied by the ratio of the national rental unit vacancy rate over the jurisdiction’s rental unit vacancy rate.

⁸⁹ 42 U.S.C. §12747.

⁹⁰ 42 U.S.C. §12704.

⁹¹ The \$500,000 bonus is reduced to \$335,000 in years when Congress appropriates less than \$1.5 billion in HOME funds total.

⁹² 24 C.F.R. §92.60

⁹³ 24 C.F.R. §92.50.

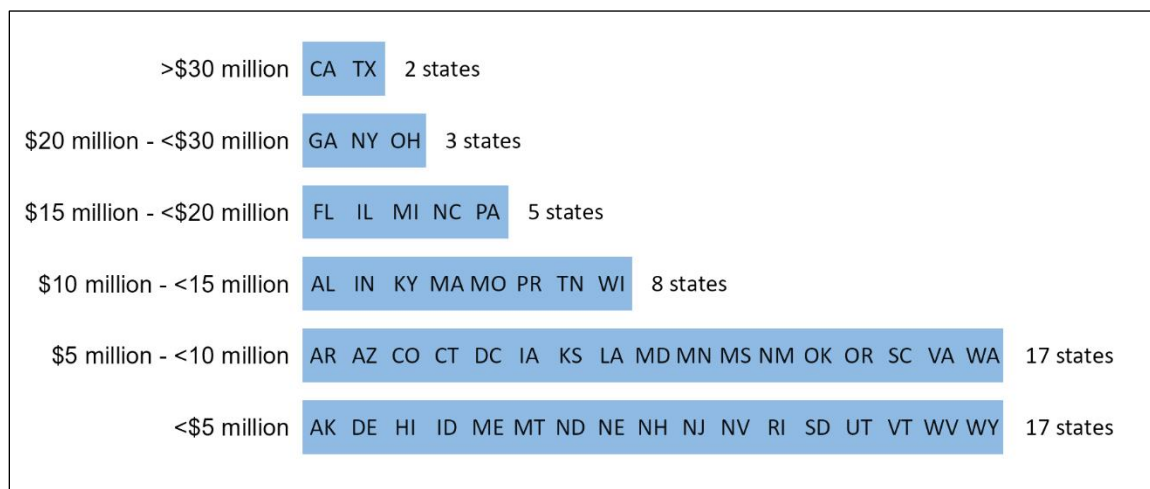
- The jurisdiction's population multiplied by its net per capita income.⁹⁴

For allocations to states, 20% of funding is based on statewide factors, and 80% is based on the factors of their constituent units of general local government that do not receive a direct formula allocation.

Grants to States in FY2024

In FY2024, every state received a HOME formula grant.⁹⁵ (This includes Washington, DC, and Puerto Rico, which are considered states for the purposes of the HOME program.) The median state grant amount was about \$8 million, and the average grant was just under \$10 million.⁹⁶ California received the largest state allocation at just under \$38 million, followed by Texas at over \$32 million. Seven states received the minimum allocation of \$3 million (Alaska, Delaware, Hawaii, Montana, North Dakota, South Dakota, and Vermont). Wyoming received an allocation of \$3.5 million: the minimum plus an additional \$500,000 due to having no local PJs. As shown in **Figure 1**, 34 states received less than \$10 million in funding (including the 7 states that received the \$3 million minimum), and all but 5 states received less than \$20 million.

Figure 1. HOME Grants to States in FY2024



Source: Figure created by CRS based on HUD data.

Notes: Figure only includes formula grants to states, not grants to PJs within states, and includes Washington, DC, and Puerto Rico.

⁹⁴ A jurisdiction's net per capita income is computed by subtracting the per capita income of a family of three at the poverty threshold from the jurisdiction's per capita income. An index is constructed by dividing the national net per capita income (which is computed in the same way) by a jurisdiction's net per capita income (24 C.F.R. §92.50).

⁹⁵ Information on HOME and other HUD formula grant allocations is available on HUD's website at https://www.hud.gov/program_offices/comm_planning/budget. In addition, the HUD Exchange website provides a searchable database of allocations for HOME and certain other programs at <https://www.hudexchange.info/grantees/allocations-awards/>.

⁹⁶ The median state grant amount was \$7,894,223 and the average state grant amount was \$9,612,615. Average and median state grant amounts include the 50 states, the District of Columbia, and Puerto Rico, but exclude grants to insular areas.

Grants to Localities and Consortia in FY2024

In FY2024, 632 localities or consortia also received their own HOME formula grant allocations.⁹⁷ The median grant to localities was about \$660,000 and the average grant was nearly \$1.2 million.⁹⁸ New York City received the largest grant at nearly \$66 million, followed by Los Angeles at over \$23 million. Formula grants of less than \$1 million were received by 444 localities. The smallest formula grant amount to a locality was \$62,163 to Gary, IN.⁹⁹

Appendix B shows the number of PJs (localities and consortia) in each state in FY2024. It also shows the total amount of formula grant funding that each state and its PJs received that year.

HOME-ARP

The American Rescue Plan Act of 2021 (P.L. 117-2) allocated \$5 billion to the HOME program in response to the COVID-19 pandemic for homelessness assistance and supportive services, including \$50 million for administrative costs to oversee and administer implementation and \$25 million for awards to existing technical assistance providers. These funds, referred to as HOME-ARP, were appropriated to the HOME program and distributed to states, localities, consortia, and insular areas via the HOME formula. **Appendix C** shows the distribution of this funding.

There are some differences between HOME-ARP and the regular HOME program.¹⁰⁰ HOME-ARP funds must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations, such as those fleeing domestic violence. Funds may be used for rental housing—including but not limited to manufactured housing, Single Room Occupancy (SRO) units, and permanent supportive housing—TBRA, supportive services, and acquisition and development of non-congregate shelter. Homeowner assistance and related services are not eligible HOME-ARP activities, but costs associated with pre-purchase homebuying counseling, education, and outreach are eligible under HOME-ARP. One-hundred percent of funds used by a PJ for TBRA, supportive services, and acquisition and development of non-congregate shelter units must benefit individuals and families in qualifying populations. Not less than 70% of affordable rental housing units acquired, rehabilitated, or constructed with HOME-ARP funds must be occupied by households in the qualifying populations, and the remaining 30% must be occupied by low-income households.

Uses of HOME Funds

HUD reports a number of HOME program performance statistics, primarily through the National Production Reports, which were first published in October 2013.¹⁰¹ These reports include statistics on the types of completed units that have been assisted with HOME funding, the eligible activities funded with HOME dollars, and characteristics of households that benefit from HOME funds. The primary uses of HOME funds over time can be grouped into six categories: new rental

⁹⁷ Forty-nine states and Puerto Rico had at least one locality that was a participating jurisdiction and received its own HOME funding in FY2024. Wyoming had no localities that received their own allocations of HOME funds.

⁹⁸ Specifically, the median grant amount for localities was \$660,535 and the average grant amount for localities was \$1,182,612.

⁹⁹ In FY2024, 214 localities received formula grants under the \$500,000 minimum. These localities met the minimum funding threshold in the first year in which they became participating jurisdictions.

¹⁰⁰ For more information on HOME-ARP eligible activities, see HUD's implementation notice, Notice CPD-22-13, <https://www.hud.gov/sites/dfiles/OCHCO/documents/2022-13cpdn.pdf>.

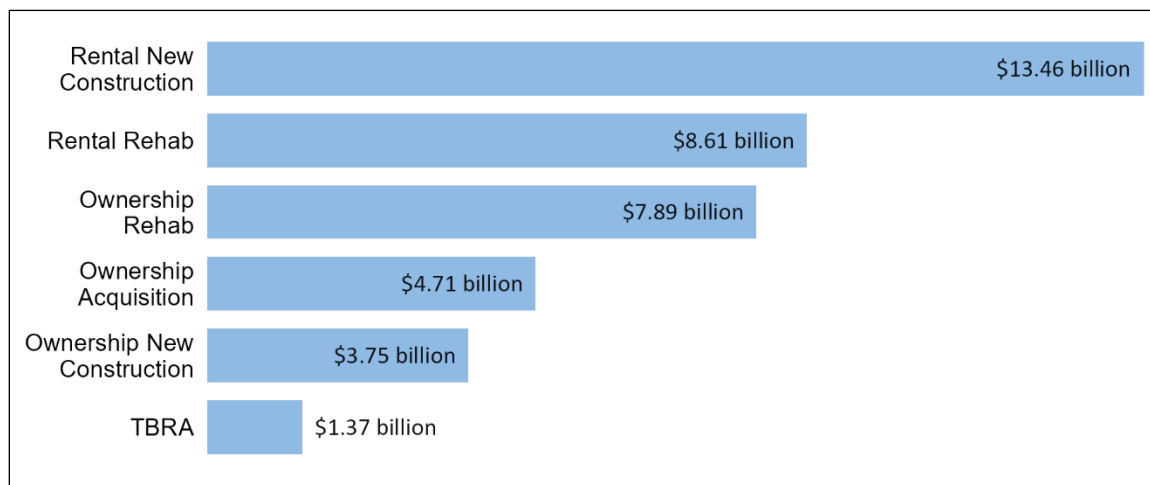
¹⁰¹ HUD reports on the HOME program are available at <https://www.hudexchange.info/grantees/reports/#home-reports>.

housing construction, rental housing rehabilitation and acquisition,¹⁰² new construction of housing for homeownership, rehabilitation of housing for homeownership, acquisition of housing for homeownership (e.g., downpayment assistance), and TBRA.

Cumulative HOME Activity

Between the beginning of the HOME program in FY1992 and the end of FY2024, a cumulative \$39.8 billion was invested into HOME projects.¹⁰³ As shown in **Figure 2**, \$13.46 billion (34%) has supported new construction of rental housing, \$8.61 billion (22%) was for rehabilitation and acquisition of rental housing, \$7.89 billion (20%) was for rehabilitation of homeowner housing, \$4.71 billion (12%) was for down payment assistance and other acquisition of housing for homeownership, \$3.75 billion (9%) was for new construction of housing for homeownership, and \$1.37 billion (3%) was for TBRA. Whether a PJ uses HOME funds for rehabilitation, acquisition, or new construction depends in part on the types of programs it is administering and the housing needs it is trying to meet.

Figure 2. Cumulative HOME Funds Spent by Activity Category, FY1992–FY2024



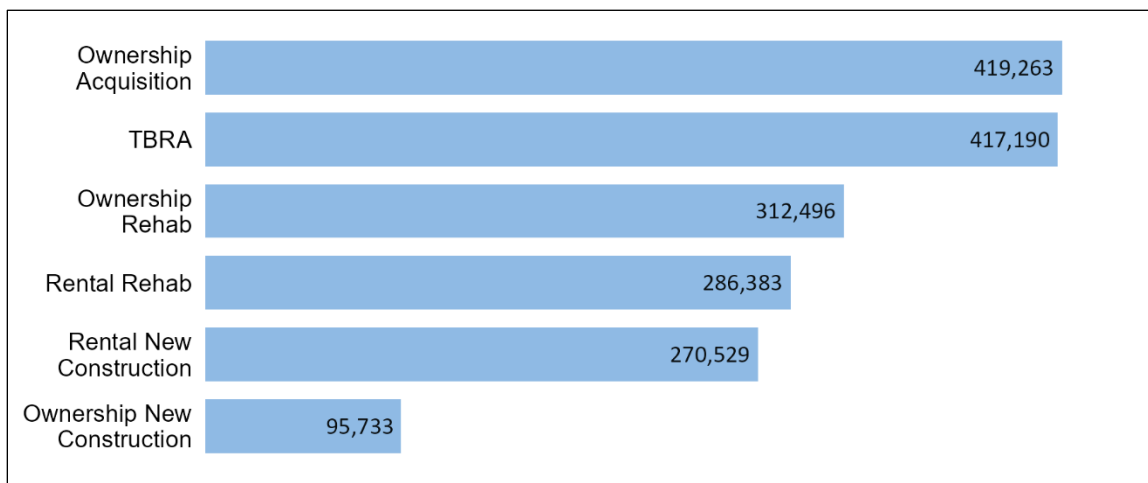
Source: Figure created by CRS based on data in HUD's September 2024 HOME National Production Report.

Notes: "Rental Rehab" includes \$0.67 billion for rental housing acquisition projects.

Over this same period, more than 1.3 million units of affordable housing were constructed, rehabilitated, or acquired using HOME funding, and more than 400,000 families were assisted through tenant-based rental assistance. Together, this amounts to more than 1.8 million homes and TBRA-assisted households that have benefitted from HOME funds since the program's inception. As shown in **Figure 3**, 419,263 completed units (23%) have been homebuyer assistance; 417,190 (23%) have been TBRA; 312,496 (17%) have been rehabilitated homeownership housing; 286,383 (16%) have been rehabilitated or acquired rental units; 270,529 (15%) have been newly constructed rental units; and 95,733 (5%) have been newly constructed housing for homeownership.

¹⁰² In the data provided in the following sections, rental acquisition is included in rental rehabilitation figures. Through FY2023, 1.7% of cumulative HOME funding has been spent on rental housing acquisition projects, which make up 1.1% of cumulative completed units, including TBRA.

¹⁰³ Data in this section come from HUD's *HOME National Production Report* from September 2023. The National Production Reports are available at <https://www.hudexchange.info/programs/home/home-national-production-reports/>.

Figure 3. Cumulative HOME-Assisted Units and Households Receiving TBRA by Activity Category, FY1992–FY2024

Source: Figure created by CRS based on data in HUD's September 2024 HOME National Production Report.

Notes: "Rental Rehab" includes 20,774 rental housing acquisition units.

The difference between the percentage of funding going toward each activity and the percentage of completed units of each activity type reflects the difference in the average investment of HOME funds required for each activity. Over the life of the program, a newly constructed rental unit has involved, on average, about \$50,000 in HOME funds, a newly constructed homeownership unit involved about \$39,000, a rehabilitated rental unit involved about \$30,000, a rehabilitated homeownership unit involved about \$25,000, homebuyer assistance involved about \$11,000, and TBRA involved about \$3,000.

Changes in HOME Activity over Time

The uses of HOME funds have shifted substantially over time. While HOME was originally focused on housing rehabilitation, in recent years new rental housing construction has accounted for nearly half of HOME funding and a plurality of HOME units. Funding for project completions has also declined, which, in combination with increases in per-unit costs, has led to declines in project-based completions over the past decade.

In the early 1990s, the purpose of the HOME program was understood to be primarily rehabilitation of existing housing. Through early changes in statute in 1992 (via P.L. 102-550) and 1994 (via P.L. 103-233), the use of HOME funds for new construction was no longer discouraged with higher matching rates or stricter conditions relative to housing rehabilitation projects. In 1992, HUD projected that 85% of HOME-assisted units in the next fiscal year would be rehabilitation, and 15% would be new construction.¹⁰⁴ By 1998, those projections had shifted to 57% rehabilitation, 30% new construction, and 10% acquisition.¹⁰⁵ During FY2023, rehabilitation projects were 36% of completed HOME units, new construction was 42%, and acquisitions were 21%.

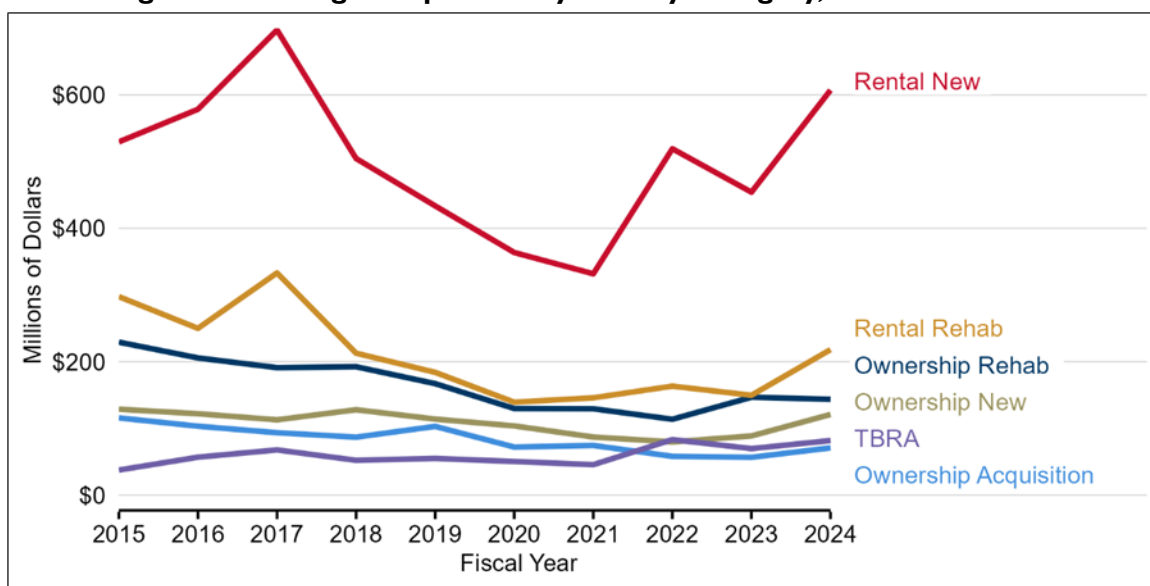
¹⁰⁴ U.S. Department of Housing and Urban Development, Congressional Budget Justifications FY1993, p. B-3.

¹⁰⁵ U.S. Department of Housing and Urban Development, Congressional Budget Justifications FY1999, HOME Investment Partnerships Program, p. 6.

Figure 4 below shows yearly funding for project completions by activity category from FY2015 to FY2024.¹⁰⁶ Over this period, new rental housing construction represented the largest share of funding for project completions by a wide margin; nearly 50% in FY2024. The amount of nominal funding for projects completed in a given fiscal year declined 39% across all categories from FY2015 to FY2021. This decline lagged behind declines in appropriations from FY2012–FY2017. Funding for project completions has since increased, but it is still 7% lower in FY2024 compared to FY2015, without adjusting for inflation.

Different categories have followed different trends (see **Figure 4**). Funding for new rental housing completions increased 15% from FY2015 to FY2024, rental rehabilitation and acquisition declined 27%, ownership rehabilitation declined 37%, ownership new construction declined 6%, and ownership acquisition declined 39%. Yearly funding for TBRA *increased* by 118% from FY2015 to FY2024, although it still represented a relatively small share of overall HOME expenditures.

Figure 4. Funding Completions by Activity Category, FY2015–FY2024



Source: Figure created by CRS based on data in HUD’s HOME National Production Reports.

Notes: “Rental Rehab” includes approximately \$11 million in rental housing acquisition projects, per fiscal year.

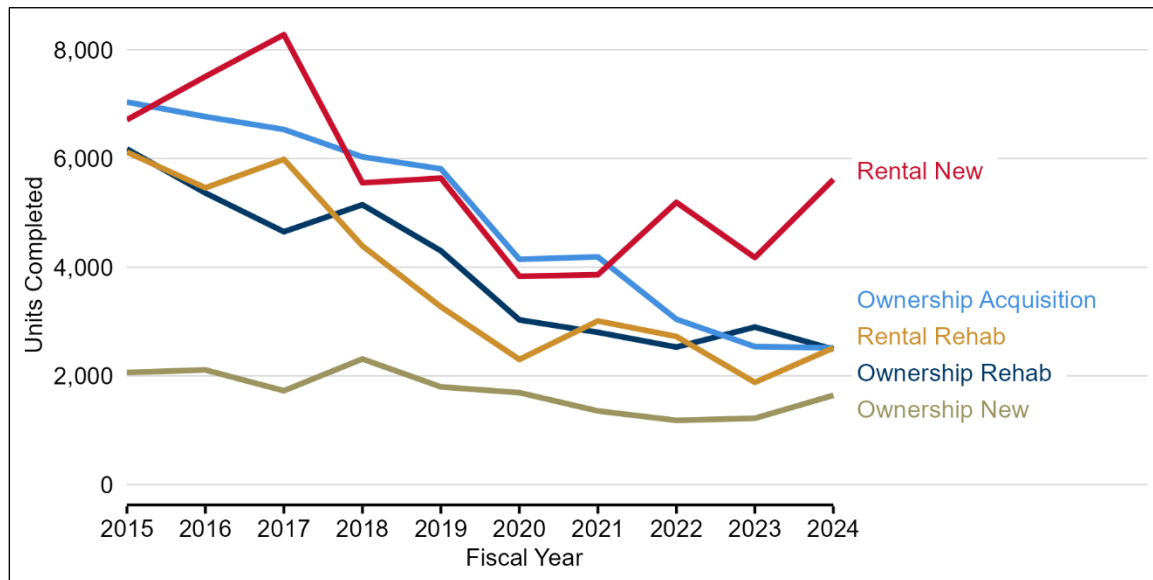
Figure 5 below shows the number of yearly non-TBRA unit completions from FY2015 to FY2024. The largest share of non-TBRA unit completions has gone back and forth between ownership acquisitions (including downpayment assistance) and new rental housing construction. The number of yearly completed units—excluding TBRA—has also declined over time, from just over 28,000 total constructed, rehabilitated, and acquired housing units in FY2015 to fewer than 15,000 in FY2024.

Different categories have followed different trends. Completions of new construction rental housing units declined 16% from FY2015 to FY2024, homeownership acquisition declined 64%,

¹⁰⁶ This analysis focuses on the period FY2015–FY2024 due to data availability. HUD’s National Production Reports show cumulative data, and fiscal year data is calculated by CRS by differencing across a completed September to September fiscal year. Because HUD began publishing National Production Reports in October 2013, the first complete September to September comparison available is September 2014 to September 2015 (FY2015).

rental rehabilitation and acquisition declined 59%, homeownership rehabilitation declined 60%, and homeownership new construction declined 20%.

Figure 5. Non-TBRA Unit Completions by Activity Category, FY2015–FY2024



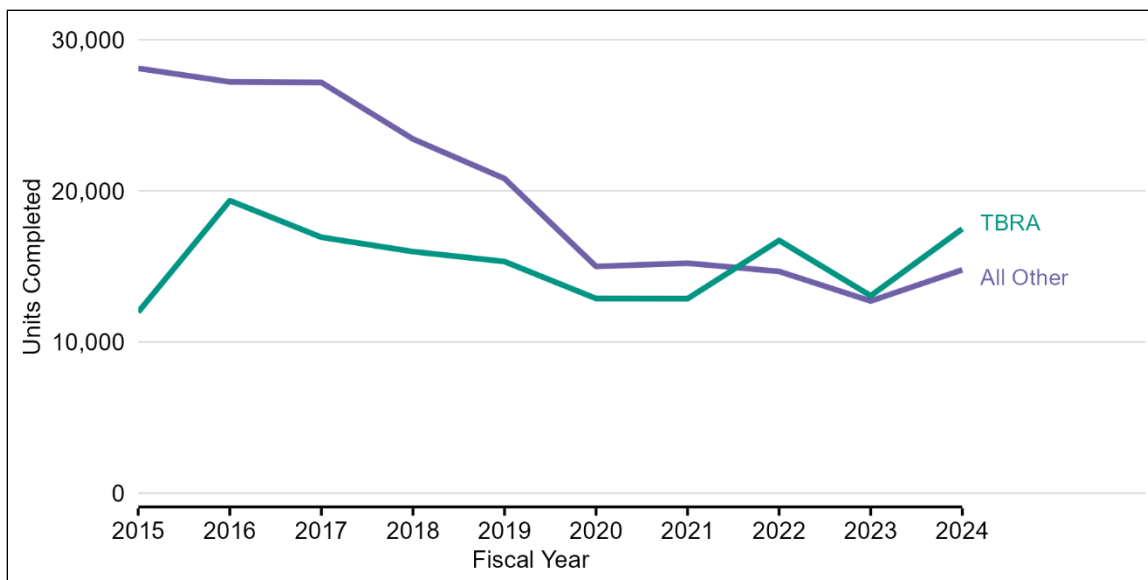
Source: Figure created by CRS based on data in HUD's HOME National Production Reports.

Notes: "Rental Rehab" includes approximately 109 rental housing acquisition units, per fiscal year

As shown in **Figure 6** below, while new construction, rehabilitation, and acquisition of units have generally declined over time, the number of households assisted by TBRA was higher in FY2024 than in any year since FY2016. In FY2015, HOME assisted about 12,000 households through TBRA, and in FY2024 HOME assisted over 17,000 households through TBRA, a 46% increase. In FY2022, HOME-assisted TBRA households outpaced the number of newly constructed, rehabilitated, or acquired units completed during that year for the first time in the program's history due to the decline in unit completions.¹⁰⁷

¹⁰⁷ HUD HOME National Production Reports, "Program Production by Fiscal Year."

Figure 6. Non-TBRA Units Completed and TBRA Households Assisted Per Year, FY2015–FY2024



Source: Figure created by CRS based on data in HUD’s HOME National Production Reports.

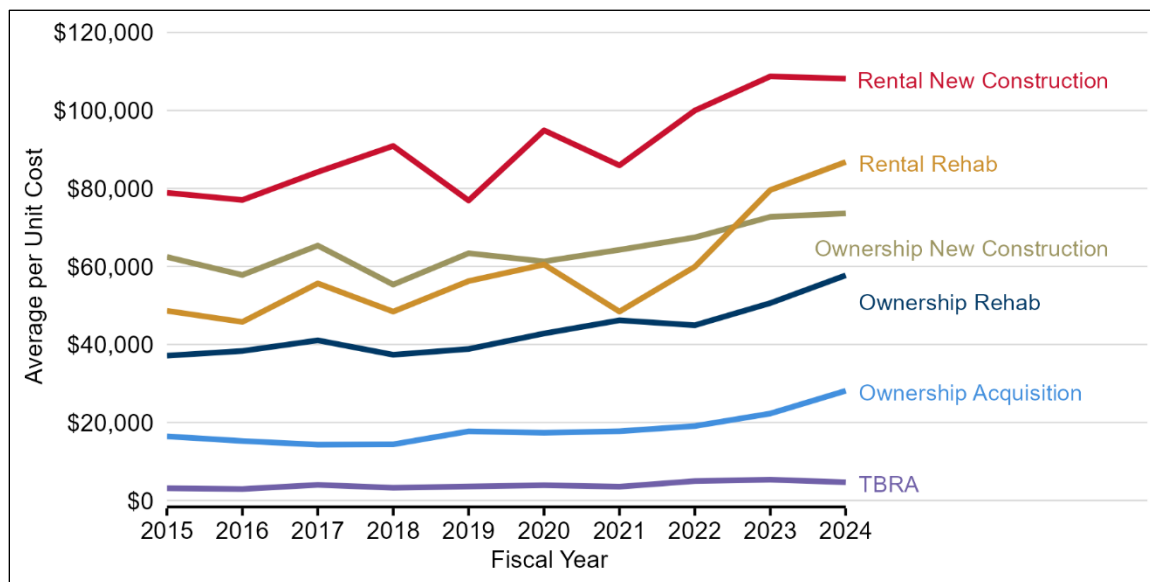
Notes: “All Other” includes all new construction, rehabilitation, and acquisition completions.

The decline in yearly unit completions has been steeper than the decline in yearly funding for unit completions. This is because the average HOME contribution to activities has increased over time, particularly in recent years and for rental housing projects (see **Figure 7**). The per-unit HOME cost of new rental housing construction increased 37% from FY2015 to FY2024, rental rehabilitation increased 78%, homeownership new construction increased 18%, homeownership rehabilitation increased 55%, homeownership acquisition increased 71%, and per-household TBRA costs increased 49%. While the number of TBRA-assisted households increased 46% from FY2015 to FY2024, the funding allocated to TBRA increased by 118% over the same period to keep up with rising per-unit costs. Note that average per-unit TBRA costs are low (\$4,672 in 2023) relative to other HOME activities, as TBRA can be used not for only rental assistance but also for security deposits, and, under certain circumstances, utility deposits.

These higher HOME costs do not appear to reflect HOME paying for a higher share of total project costs. As discussed in the “Leveraging” section, HOME’s share of total project costs has declined even as per-unit HOME contributions have increased across every activity category.

These per-unit cost increases, combined with declines in funding, lead to the observed declines in unit completions. Tabular data on over-time changes in funding, unit completions, and average costs can be found in **Appendix D**.

Figure 7. Average Per-Unit HOME Contribution by Activity Category, FY2015–FY2024



Source: Figure created by CRS based on data in HUD's HOME National Production Reports.

Notes: "Rental Rehab" includes data on a small number of rental acquisition projects.

Selected Characteristics of HOME Beneficiaries at Initial Occupancy

HUD reports on certain characteristics of the households that benefit from HOME funds, at the time of initial occupancy. The characteristics of the current occupants of HOME-assisted units are not reported. Reported characteristics of initial occupants include household income and household type (e.g., two-parent households, single-parent households, elderly households).

Household Income

As required by statute, all HOME funds benefit families with incomes at or below 80% of area median income. HOME funds used for rental activities (including tenant-based rental assistance and the construction, acquisition, and rehabilitation of rental housing) benefit a lower-income population than funds used for homeowner and homebuyer units. As explained earlier in this report, HOME funds used for rental activities must target a lower-income population than funds used for homeowner or homebuyer activities.¹⁰⁸ Households at the lowest end of the income spectrum are also more likely to rent than to own their homes.

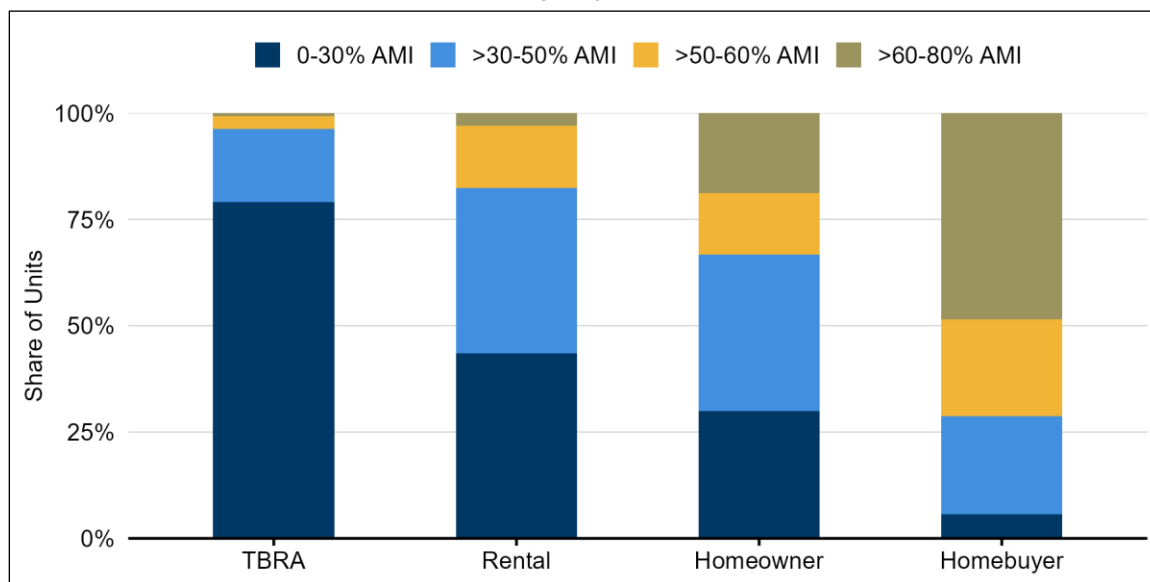
Figure 8 shows the share of units for each unit type (homeowner, homebuyer, rental, or TBRA) that benefitted households at different income levels from 1992 through September 2024. HUD reported that 79% of HOME-assisted TBRA households were families with incomes at or below 30% of area median income (AMI), as were 44% of initial occupants of HOME-assisted rental units. In contrast, 30% of the original occupants of HOME-assisted homeowner units had

¹⁰⁸ Ninety percent of households receiving tenant-based rental assistance or occupying HOME-assisted rental units are required to be households with incomes at or below 60% of area median income, while the rest must be households with incomes at or below 80% of area median income. HOME funds used for homeowner and homebuyer housing are only required to benefit households with incomes at or below 80% of area median income.

incomes at or below 30% of area median income, and 6% of the initial occupants of HOME-assisted homebuyer units (including both newly constructed and acquired units) were households with incomes in this range. Nearly half (49%) of the initial occupants of HOME-assisted homebuyer units had household incomes greater than 60% of AMI.

Figure 8. Income of Households Occupying HOME Units

1992 through September 2024



Source: Figure created by CRS based on data in HUD's HOME National Production Reports.

Note: AMI = area median income.

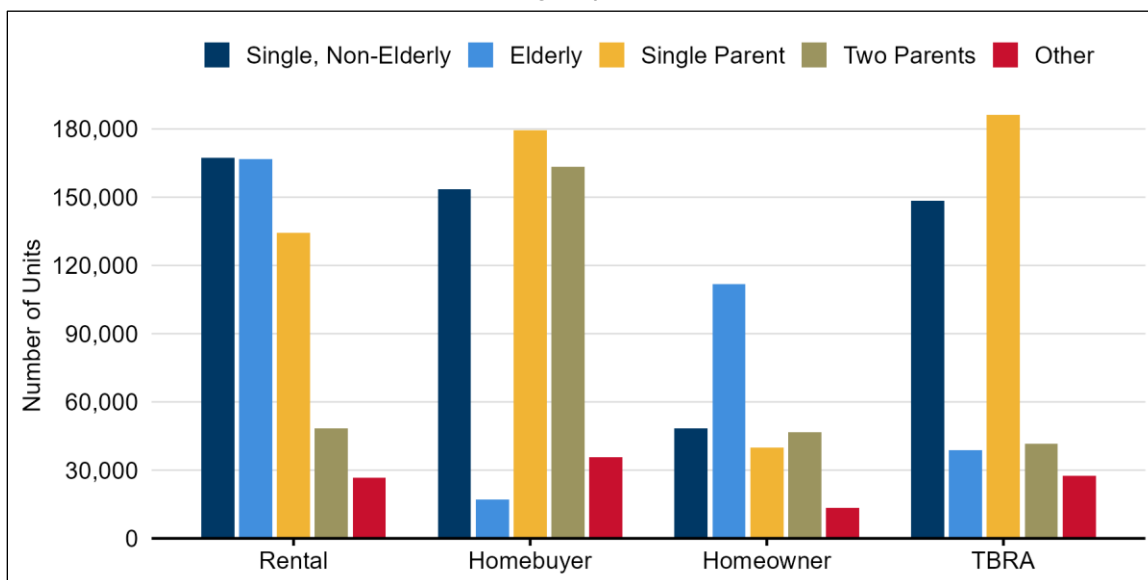
Household Type

Overall, 30% of the initial occupants of HOME-assisted units (including households that received TBRA) were single-parent households; 29% were single, non-elderly households; about 18% apiece were elderly households and two-parent households; and about 6% of initial occupant households were categorized as "other."

As shown in **Figure 9**, different types of units have been more or less likely to serve specific types of households. The initial occupants of HOME-assisted rental housing have mostly been single adult, elderly, and single-parent households; HOME-assisted homebuyers have mostly been non-elderly households, especially those with children; HOME-assisted homeowners have primarily been elderly households; and TBRA has mostly served single adult and single-parent households.

Figure 9. Household Types Served with HOME Funds

1992 through September 2024



Source: Figure created by CRS based on data in HUD's HOME National Production Reports.

Program Oversight

Oversight of the HOME program involves monitoring both processes and outcomes. Monitoring processes includes ensuring that HOME funds are committed and expended according to the timelines specified in statute and regulation and that program requirements are followed.¹⁰⁹ Monitoring outcomes includes ensuring that investments of program funds ultimately help to achieve the program's goal, namely, providing housing that is affordable to low-income households.

Given HOME's structure as a block grant program, PJs bear much of the responsibility for ensuring that subrecipients adhere to HOME program requirements and that specific projects result in their intended outcomes. PJs have discretion as to *how* various HOME policies, such as affordability restrictions, are enforced in their written agreements with entities such as developers, contractors, and households. Nonetheless, HUD is ultimately responsible for overseeing PJs' use of HOME funds to ensure that HOME funds are spent properly.

¹⁰⁹ The discussion in this report reflects certain changes to the HOME program regulations that HUD finalized in 2013, many of which were related to oversight of program funds. These changes followed some concerns about program oversight, including issues raised in a series of investigative articles in the *Washington Post* and discussed in subsequent congressional hearings. For more information on the changes made by the 2013 final rule, see HUD's website at <https://www.hudexchange.info/programs/home/home-final-rule/highlights-of-the-changes-in-the-home-final-rule>. For more information on the concerns that were raised about program oversight, see U.S. Congress, House Committee on Financial Services, *Oversight of HUD's HOME Program*, 112th Cong., 1st sess., June 3, 2011, <https://financialservices.house.gov/uploadedfiles/112-36.pdf>; and U.S. Congress, House Committee on Financial Services, Subcommittee on Insurance, Housing and Community Opportunity and Subcommittee on Oversight and Investigations, *Fraud in the HUD HOME Program*, 112th Cong., 1st sess., November 2, 2011, <https://financialservices.house.gov/uploadedfiles/112-81.pdf>.

HUD's Oversight of PJs

HUD's oversight of PJs includes activities that occur both before and after funds are granted to PJs. Before granting funds to PJs, HUD must approve PJs' Consolidated Plans. As described earlier in the "The Consolidated Plan" section of this report, PJs submit Consolidated Plans to HUD describing their affordable housing needs and specifying how HOME funds will be used to meet those needs.¹¹⁰ HUD may disapprove a PJ's Consolidated Plan under certain conditions.¹¹¹

After funds are granted to PJs, HUD's oversight includes ensuring that PJs' activities match their Consolidated Plans and monitoring how and when PJs spend their funds. PJs report their commitments and expenditures of HOME funds to HUD through a computer system known as the Integrated Disbursement & Information System (IDIS), along with the activities to which funds are committed or expended. HUD uses this system to track PJs' commitments and expenditures of HOME funds and the progress of projects that are using HOME funds. HUD also publishes a number of reports related to PJs' activities and the status of HOME funds on its website.¹¹² Monthly HOME National Production Reports have been published since October, 2013. The most recent Production Report as of the cover date of this CRS report was published on January 2, 2025.

The HOME statute and regulations include provisions requiring PJs to lose or repay HOME funds to HUD if they are not spent in a timely manner or are not used for housing that meets the HOME requirements. Relevant deadlines for using funds include the following:

- By statute, PJs have 24 months to commit HOME funds before they expire.¹¹³ Expired funds are reallocated by formula to eligible PJs.¹¹⁴ (In recent years, annual appropriations acts have sometimes suspended this provision for funds that were set to expire in specified years.¹¹⁵)
- The statute separately specifies that PJs have 24 months to commit funds that are required to be reserved for CHDOs.¹¹⁶ (In recent years, annual appropriations acts have sometimes suspended this provision for funds that would otherwise have expired in specified years.¹¹⁷)

¹¹⁰ Regulations governing the Consolidated Plan requirements are at 24 C.F.R. Part 91. Additional information on consolidated planning is available on HUD's website at <https://www.hudexchange.info/programs/consolidated-plan/>. For more information on the Consolidated Plan, see CRS Report R48073, *HUD's Consolidated Planning Process: An Overview*.

¹¹¹ See 24 C.F.R. §91.500.

¹¹² These reports are available at <https://www.hudexchange.info/grantees/reports/#home-reports>.

¹¹³ 42 U.S.C. §12748(g). Regulations implementing this provision are at 92 C.F.R. §92.500(d). HUD changed the way in which it assesses compliance with this 24-month deadline beginning with HOME funds appropriated in FY2015. For an explanation of those changes, see U.S. Department of Housing and Urban Development, "Changes to HOME Investment Partnerships (HOME) Program Commitment Requirement," 81 *Federal Register* 86947-86953, December 2, 2016, <https://www.federalregister.gov/documents/2016/12/02/2016-28591/changes-to-home-investment-partnerships-home-program-commitment-requirement>.

¹¹⁴ The HOME statute specifies that reallocations that come from state HOME funds will only be reallocated among participating states, and reallocations from localities will only be reallocated among participating localities. See 42 U.S.C. §12747(d)(3).

¹¹⁵ For example, see HUD CPD Notice 18-10, *Suspension of 24-Month HOME Commitment Requirement for Deadlines Occurring in 2016, 2017, 2018, 2019, and 2020*, August 27, 2018, <https://www.hud.gov/sites/dfiles/OCHCO/documents/18-10cpdn.pdf>.

¹¹⁶ 42 U.S.C. §12771.

¹¹⁷ For example, see HUD, "Suspension of the HOME Commitment and CHDO Reservation Deadline," March 7, 2019, <https://www.hudexchange.info/news/suspension-of-the-home-commitment-and-chdo-reservation-deadline/>.

- Funds that are committed to a state recipient (that is, a local government that receives state HOME funds to carry out HOME programs) or subrecipient (a nonprofit or public agency that administers all or some of a PJ's HOME programs) must be committed to a specific project within 36 months of the funds first being made available to a PJ.¹¹⁸
- PJs are to repay any funds spent on projects that are not completed as of four years of the date the funds were committed.¹¹⁹
- PJs are to repay funds spent on rental units that have not been rented to eligible tenants within 18 months of the project's completion.¹²⁰
- HOME funds that are not expended within five years of the end of the period of availability specified in appropriations acts revert to Treasury.¹²¹

PJs are required to repay HOME funds used for any activities that do not meet the affordability period requirements or for activities that are terminated before project completion.¹²² In addition, the Secretary of HUD has the authority to impose penalties on PJs that misuse HOME funds, such as preventing PJs from drawing down HOME funds, restricting PJs' activities, or removing PJs from formula allocations.¹²³

PJs' Oversight of Entities Receiving HOME Funds

While HUD is responsible for overseeing PJs, PJs are responsible for ensuring that their HOME-funded activities meet program requirements. PJs oversee subrecipients and any other entities that receive HOME funds from the PJ, and are supposed to monitor performance and address any problems. PJs must also comply with record-keeping and monitoring requirements to ensure that they are using funds appropriately, making progress toward their housing goals, and generally funding activities in line with their Consolidated Plans.¹²⁴

Before disbursing any HOME funds to an entity (including a subrecipient, a contractor, or a household), a PJ must enter into a written agreement with that entity. These written agreements may vary based on the project type and the entity's role, but all must ensure compliance with HOME program requirements. Certain minimum provisions that must be included in different types of agreements are described in the HOME program regulations at 24 C.F.R. §92.504.

PJs are to review the performance of subrecipients and contractors on an annual basis. PJs must also perform on-site inspections of HOME-assisted projects when a project is completed and, for

¹¹⁸ 24 C.F.R. §92.500(d)(1)(ii).

¹¹⁹ 24 C.F.R. §92.205(e)(2). The Secretary of HUD may extend the deadline by one year under certain circumstances.

¹²⁰ 94 C.F.R. §92.252.

¹²¹ HOME funds are subject to the requirements of the National Defense Authorization Act of 1991 (P.L. 101-510), which required that funds appropriated for a definite period of time be spent by the end of the fifth fiscal year after the availability period ends or be returned to Treasury. Beginning in FY2002, HOME funds have been appropriated for a definite, rather than an indefinite, period of time, and have therefore become subject to these requirements. For example, the FY2024 Consolidated Appropriations Act specifies that HOME funds appropriated in FY2024 remain available until the end of FY2027. Therefore, any funds not spent by the end of FY2032 (five years after the last date the funds were available) are to be returned to Treasury. HUD regulations had previously included a five-year expenditure deadline for HOME funds, but that deadline was removed by the 2016 interim rule in light of HOME funds now being subject to this and other deadlines for using funds. See 81 *Federal Register* 86949.

¹²² 24 C.F.R. §92.503.

¹²³ 42 U.S.C. §12753.

¹²⁴ Record-keeping requirements are described at 24 C.F.R. §92.508. Reporting requirements include the submission of an annual performance report as part of the Consolidated Planning process described in 24 C.F.R. Part 91.

HOME-assisted rental housing, throughout the affordability period. HOME-assisted rental units must be inspected at least every three years during the affordability period (or more frequently if problems related to health and safety are discovered) and the property owner must certify annually that the project and the HOME-assisted units are “suitable for occupancy.” Units occupied by households receiving HOME-funded TBRA should be inspected by the PJ annually. PJs must also examine the financial viability of HOME-assisted rental projects with ten or more units at least annually during the affordability period.¹²⁵ PJs may accept National Standards for the Physical Inspection of Real Estate (NSPIRE) inspections performed for another funding source (including the Low-Income Housing Tax Credit) for the project in lieu of conducting their own inspections. The NSPIRE protocol was established in 2023 to align and consolidate the inspection regulations used to evaluate HUD housing and is currently applicable to a number of HUD-assisted properties. The compliance date for NSPIRE has been extended to October 1, 2025, for the HOME program, as well as several other HUD programs, although Public Housing Agencies, PJs, and other grantees are encouraged to implement NSPIRE at their earliest convenience.

Proposed Regulatory Action

The 2025 HOME Final Rule had an original effective date of February 5, 2025, but was delayed on February 3, 2025 to April 20, 2025, consistent with the President’s January 20, 2025, memorandum titled “Regulatory Freeze Pending Review.” On April 17, 2025, HUD announced that most provisions of the 2025 HOME Final Rule would be effective as of April 20, 2025, with two exceptions which would be further delayed to October 30, 2025:

1. Revisions to 24 C.F.R. §92.250 that would allow PJs to exceed the maximum per-unit subsidy limit by 10% if the project meets one of the green building standards identified by HUD.
2. Revisions to 24 C.F.R. §92.253 that would require tenancy addenda for each of HOME rental housing, HOME TBRA, and HOME security deposit assistance. These tenancy addenda, which would be appended to lease agreements, were intended to establish new and revised protections for tenants in HOME-assisted housing.¹²⁶

¹²⁵ 24 C.F.R. §92.504.

¹²⁶ For more information, see CRS Report R48422, *HOME Program 2025 Final Rule: In Brief*, by Henry G. Watson.

Appendix A. Select Programs Formerly Funded Within the HOME Account

For several years prior to FY2008, two major HOME account set-asides provided funding for the American Dream Downpayment Initiative and HUD's housing counseling program. However, neither of these programs is currently funded through the HOME account. Housing counseling is now funded through its own account, and Congress has not appropriated funding for the American Dream Downpayment Initiative since FY2008. Each of these programs is described briefly below.

American Dream Downpayment Initiative

The American Dream Downpayment Initiative (ADDI) was funded in the HOME account from FY2003 through FY2008.¹²⁷ ADDI was created by the American Dream Downpayment Act (P.L. 108-186), signed into law on December 16, 2003. The act included a sunset provision whereby HUD's authority to make grants through the program expired after December 31, 2007 (later extended to December 31, 2011, by the Omnibus Appropriations Act, 2009, P.L. 111-8).¹²⁸

The program aimed to increase homeownership, especially among low-income and minority populations, by providing formula funding to all 50 states¹²⁹ and qualified local jurisdictions for down payment and closing cost assistance for first-time homebuyers. States and localities could use ADDI funds to provide closing cost and down payment assistance up to \$10,000 or 6% of a home's purchase price, whichever was greater. Additionally, up to 20% of ADDI funds could be used to assist homeowners with rehabilitation costs, as long as the rehabilitation was completed within a year of the home's purchase.

The formula used to award ADDI funds to states was based on the number of low-income households residing in rental housing in the state relative to the nation as a whole. For localities, the grant amount was based on the number of low-income households residing in rental housing in the jurisdiction relative to the entire state. In order for a local jurisdiction to receive its own allocation of ADDI funds, it had to have a population of at least 150,000 or be eligible for a minimum grant of \$50,000 under the ADDI formula.

While supporters of ADDI held that the program played an important role in increasing homeownership, critics argued that it was duplicative because states and localities could already choose to use their HOME funds for down payment assistance. ADDI was originally authorized to receive \$200 million annually through FY2007, but the program never received more than \$86 million in annual appropriations. The Consolidated Appropriations Act, 2008 (P.L. 110-161) appropriated \$10 million to ADDI and extended the program through the end of FY2008. President George W. Bush's budget requested \$50 million for ADDI in FY2009; however, the

¹²⁷ Although funding was appropriated for down payment assistance in FY2003, ADDI was not signed into law until December 2003. The FY2003 down payment assistance funding was distributed according to a different formula and a different set of requirements than the ADDI funding in subsequent years.

¹²⁸ ADDI was codified at 42 U.S.C. §12821, though that section has subsequently been omitted from the *U.S. Code* due to the expiration of the program. Program regulations can be found beginning at 24 C.F.R. §92.600.

¹²⁹ The definition of "state" was different under ADDI than under HOME. Specifically, ADDI did not include Puerto Rico as a state after FY2003. Insular areas were not eligible to receive ADDI funds. See HUD, *American Dream Downpayment Initiative (ADDI) – Side-by-Side Comparison of Downpayment Assistance Requirements—by Source of Funds*, https://www.hud.gov/sites/documents/20604_SIDEBYSIDE.PDF.

Omnibus Appropriations Act, 2009 (P.L. 111-8) did not include funding for ADDI, and the program was not funded subsequently.

Data on the impacts of ADDI are limited. In 2006, the U.S. Government Accountability Office recommended that HUD take steps to improve accurate reporting of ADDI expenditures and accomplishments, but these recommendations were not implemented.¹³⁰ A 2008 HUD report found that foreclosure rates in the HOME/ADDI program were 25% lower than the rate among FHA-insured borrowers overall.¹³¹

Housing Counseling

From FY1997 through FY2008, funding for HUD's housing counseling program was appropriated as a set-aside in the HOME account. Through the housing counseling program, authorized under Section 106 of the Housing and Urban Development Act of 1968 (P.L. 90-448),¹³² as amended, HUD competitively awards funding to HUD-approved agencies that provide counseling on a range of housing issues.¹³³

For several years in the 2000s, President Bush requested that housing counseling be funded through its own account, but until FY2009 Congress continued to fund housing counseling as a set-aside in the HOME account. In FY2009, Congress appropriated funding for housing counseling in its own account rather than as a set-aside within HOME, and has continued to do so in subsequent fiscal years.

¹³⁰ U.S. Government Accountability Office, *HUD Homeownership Programs: Data Limitations Constrain Assessment of the American Dream Downpayment Initiative*, GAO-06-677, June 30, 2006, <https://www.gao.gov/products/gao-06-677>.

¹³¹ Karmen Carr, Christopher Herbert, and Ken Lam et al., *Rates of Foreclosure in HOME and ADDI Programs*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, November 2008.

¹³² The housing counseling program is codified at 12 U.S.C. §1701x, and the regulations governing the program are found at 24 C.F.R. Part 214.

¹³³ For more information on HUD's housing counseling program, see <https://www.hudexchange.info/programs/housing-counseling/>.

Appendix B. Distribution of Participating Jurisdictions and Total HOME Funding by State

Table B-1. Distribution of Participating Jurisdictions (PJs) and Formula Funding by State for FY2024

State	State Allocation (millions)	Number of Local PJs	Local PJ Allocation (millions)	Total Allocation (millions)	Per Capita Allocation
Alabama	\$10.55	8	\$5.57	\$16.12	\$3.21
Alaska	\$3.00	1	\$0.64	\$3.64	\$4.96
Arizona	\$5.84	6	\$14.53	\$20.37	\$2.85
Arkansas	\$8.86	5	\$1.99	\$10.85	\$3.60
California	\$37.96	101	\$122.66	\$160.62	\$4.06
Colorado	\$5.23	12	\$11.31	\$16.54	\$2.86
Connecticut	\$9.79	7	\$5.84	\$15.63	\$4.33
Delaware	\$3.00	2	\$1.59	\$4.59	\$4.63
District of Columbia	\$5.73	0	\$0.00	\$5.73	\$8.31
Florida	\$16.63	42	\$48.27	\$64.90	\$3.01
Georgia	\$20.99	14	\$14.52	\$35.51	\$3.31
Hawaii	\$3.00	1	\$2.73	\$5.73	\$3.94
Idaho	\$4.99	1	\$0.68	\$5.66	\$3.08
Illinois	\$15.91	16	\$34.13	\$50.04	\$3.91
Indiana	\$13.56	13	\$10.01	\$23.56	\$3.47
Iowa	\$7.87	7	\$3.19	\$11.07	\$3.47
Kansas	\$5.87	5	\$4.07	\$9.94	\$3.38
Kentucky	\$12.04	5	\$5.48	\$17.51	\$3.89
Louisiana	\$9.40	10	\$8.46	\$17.87	\$3.84
Maine	\$3.89	2	\$1.27	\$5.16	\$3.79
Maryland	\$6.00	8	\$12.09	\$18.09	\$2.93
Massachusetts	\$10.11	19	\$22.91	\$33.02	\$4.70
Michigan	\$16.03	19	\$20.53	\$36.56	\$3.63
Minnesota	\$8.20	6	\$8.34	\$16.54	\$2.90
Mississippi	\$9.46	3	\$1.54	\$11.00	\$3.71
Missouri	\$11.29	8	\$10.88	\$22.18	\$3.60
Montana	\$3.00	3	\$0.93	\$3.93	\$3.62
Nebraska	\$3.71	2	\$2.98	\$6.69	\$3.41
Nevada	\$2.86	4	\$8.22	\$11.07	\$3.57
New Hampshire	\$3.53	2	\$1.07	\$4.61	\$3.34

State	State Allocation (millions)	Number of Local PJs	Local PJ Allocation (millions)	Total Allocation (millions)	Per Capita Allocation
New Jersey	\$4.94	28	\$29.85	\$34.79	\$3.75
New Mexico	\$5.01	2	\$2.44	\$7.45	\$3.52
New York	\$23.91	30	\$92.11	\$116.01	\$5.74
North Carolina	\$15.72	22	\$18.59	\$34.31	\$3.29
North Dakota	\$3.00	1	\$0.44	\$3.44	\$4.42
Ohio	\$22.49	24	\$28.04	\$50.53	\$4.28
Oklahoma	\$8.11	5	\$5.66	\$13.77	\$3.48
Oregon	\$7.91	8	\$8.71	\$16.63	\$3.92
Pennsylvania	\$18.63	32	\$34.46	\$53.08	\$4.08
Puerto Rico	\$13.21	11	\$8.16	\$21.38	\$6.51
Rhode Island	\$3.53	3	\$2.22	\$5.75	\$5.24
South Carolina	\$6.38	15	\$9.61	\$16.00	\$3.13
South Dakota	\$3.00	1	\$0.49	\$3.49	\$3.93
Tennessee	\$12.91	10	\$10.43	\$23.34	\$3.38
Texas	\$32.20	49	\$58.33	\$90.53	\$3.11
Utah	\$3.33	4	\$4.05	\$7.38	\$2.26
Vermont	\$3.00	1	\$0.35	\$3.35	\$5.20
Virginia	\$9.54	21	\$15.10	\$24.64	\$2.85
Washington	\$6.02	17	\$18.29	\$24.31	\$3.15
West Virginia	\$4.77	5	\$2.27	\$7.04	\$3.92
Wisconsin	\$10.46	11	\$11.39	\$21.85	\$3.71
Wyoming	\$3.50	0	\$0.00	\$3.50	\$6.07
Total	\$500	632	\$747	\$1,247	\$3.73

Source: U.S. Department of Housing and Urban Development, Community Planning and Development Program Formula Allocations for FY2024, available at https://www.hud.gov/program_offices/comm_planning/budget.

Table B-2. Formula Funding for Insular Areas for FY2024

Insular Area^a	Formula Grant Funding (millions)
American Samoa	\$0.25
Guam	\$1.05
Northern Mariana Islands	\$0.41
U.S. Virgin Islands	\$0.80
Total	\$2.50

Source: U.S. Department of Housing and Urban Development, Community Planning and Development Program Formula Allocations for FY2024, available at https://www.hud.gov/program_offices/comm_planning/budget.

- a. Insular areas are funded by a set-aside of HOME funds equal to the greater of \$750,000 or 0.2% of the HOME appropriation for the fiscal year, which is then allocated among the four insular areas by a formula that differs from the HOME formula used for states and local jurisdictions.

Appendix C. Distribution of HOME-ARP Funding by State

The American Rescue Plan Act of 2021 (P.L. 117-2) allocated \$5 billion to HOME in response to the COVID-19 pandemic to be used for homelessness assistance and supportive services, including \$50 million for administrative costs to oversee and administer implementation and \$25 million for awards to existing technical assistance providers. These funds, referred to as HOME-ARP, were appropriated to the HOME program and distributed to states, localities, consortia, and insular areas via the HOME formula. HOME-ARP eligible uses and eligible populations differ somewhat from the regular HOME program.

Table C-1. HOME-ARP Formula Funding for State and Local Participating Jurisdictions (PJs)

State	HOME-ARP State Allocation (millions)	Number of Local PJs	HOME-ARP Local Allocations (millions)	HOME-ARP Total Allocations (millions)
Alabama	\$41.63	8	\$23.11	\$64.75
Alaska	\$4.98	1	\$2.71	\$7.70
Arizona	\$21.82	6	\$61.44	\$83.26
Arkansas	\$37.55	4	\$6.20	\$43.74
California	\$155.00	96	\$512.16	\$667.16
Colorado	\$24.73	10	\$42.29	\$67.02
Connecticut	\$35.94	6	\$21.83	\$57.77
Delaware	\$5.32	2	\$5.77	\$11.10
District of Columbia	\$19.32	0	\$0.00	\$19.32
Florida	\$71.90	37	\$179.77	\$251.67
Georgia	\$87.66	12	\$52.74	\$140.40
Hawaii	\$6.41	1	\$11.12	\$17.53
Idaho	\$19.46	1	\$2.93	\$22.40
Illinois	\$62.08	16	\$141.89	\$203.98
Indiana	\$54.53	13	\$42.46	\$96.99
Iowa	\$29.47	7	\$13.06	\$42.54
Kansas	\$22.93	5	\$16.39	\$39.32
Kentucky	\$51.73	4	\$19.33	\$71.06
Louisiana	\$39.29	9	\$30.84	\$70.12
Maine	\$15.69	2	\$5.29	\$20.98
Maryland	\$23.97	7	\$44.21	\$68.18
Massachusetts	\$36.45	19	\$88.50	\$124.95
Michigan	\$63.79	19	\$86.85	\$150.64
Minnesota	\$31.14	6	\$35.62	\$66.76
Mississippi	\$38.09	3	\$6.04	\$44.13

State	HOME-ARP State Allocation (millions)	Number of Local PJs	HOME-ARP Local Allocations (millions)	HOME-ARP Total Allocations (millions)
Missouri	\$45.38	8	\$43.04	\$88.42
Montana	\$11.46	3	\$3.56	\$15.02
Nebraska	\$15.08	2	\$12.29	\$27.38
Nevada	\$6.44	4	\$30.65	\$37.10
New Hampshire	\$13.88	2	\$4.16	\$18.03
New Jersey	\$19.50	27	\$111.38	\$130.87
New Mexico	\$19.58	2	\$9.19	\$28.77
New York	\$93.49	29	\$371.19	\$464.68
North Carolina	\$65.59	20	\$71.82	\$137.41
North Dakota	\$7.77	1	\$1.70	\$9.47
Ohio	\$90.56	23	\$110.16	\$200.72
Oklahoma	\$32.09	5	\$21.90	\$54.00
Oregon	\$32.89	7	\$33.81	\$66.71
Pennsylvania	\$73.09	31	\$133.37	\$206.46
Puerto Rico	\$49.58	11	\$32.04	\$81.62
Rhode Island	\$13.49	3	\$9.64	\$23.13
South Carolina	\$26.69	14	\$35.78	\$62.47
South Dakota	\$9.29	1	\$1.84	\$11.13
Tennessee	\$53.28	9	\$40.15	\$93.42
Texas	\$132.97	41	\$210.57	\$343.54
Utah	\$12.98	4	\$16.54	\$29.52
Vermont	\$9.56	1	\$1.50	\$11.07
Virginia	\$39.72	20	\$57.26	\$96.98
Washington	\$23.44	17	\$74.67	\$98.11
West Virginia	\$19.11	5	\$9.18	\$28.29
Wisconsin	\$41.86	11	\$48.11	\$89.97
Wyoming	\$7.39	0	\$0.00	\$7.39
Total	\$1,967	595	\$2,948	\$4,915

Source: U.S. Department of Housing and Urban Development, Community Planning and Development Program Formula Allocations for FY2021, https://www.hud.gov/program_offices/comm_planning/budget/fy21.

Notes: Of the \$5 billion total, \$4.915 billion is allocated to state and local PJs, \$0.01 billion is allocated to insular areas, \$0.05 billion is set aside for administrative costs, and \$0.025 billion is set aside for awards to existing technical assistance providers.

Table C-2. HOME-ARP Formula Funding for Insular Areas

Insular Areas	HOME-ARP Allocations (millions)
American Samoa	\$0.95
Guam	\$3.88
Northern Mariana Islands	\$1.69
U.S. Virgin Islands	\$3.33
Total	\$9.85

Source: U.S. Department of Housing and Urban Development, Community Planning and Development Program Formula Allocations for FY2021, https://www.hud.gov/program_offices/comm_planning/budget/fy21.

Appendix D. Over-Time Change in HOME Activities

Table D-1. HOME Nominal Project Funding Completions, FY2015 and FY2024

Activity	Funding for Completed Units (or TBRA households assisted)		
	FY2015	FY2024	Percentage Change
Ownership Acquisition	\$115,692,018	\$70,753,119	-39%
Ownership New Construction	\$128,724,971	\$120,860,822	-6%
Ownership Rehabilitation	\$229,258,598	\$143,617,995	-37%
Rental New Construction	\$529,527,970	\$607,179,996	15%
Rental Rehabilitation and Acquisition	\$297,506,956	\$218,009,822	-27%
TBRA	\$37,481,353	\$81,690,455	118%
Total	\$1,338,191,866	\$1,242,202,209	-7%

Source: U.S. Department of Housing and Urban Development, HOME National Production Reports, <https://www.hudexchange.info/programs/home/home-national-production-reports/>.

Table D-2. HOME Units Completed, FY2015 and FY2024

Activity	Number of Completed Units (or TBRA households assisted)		
	FY2015	FY2024	Percentage Change
Ownership Acquisition	7,039	2,516	-64%
Ownership New Construction	2,062	1,642	-20%
Ownership Rehabilitation	6,175	2,488	-60%
Rental New Construction	6,712	5,614	-16%
Rental Rehabilitation and Acquisition	6,118	2,513	-59%
TBRA	11,983	17,484	46%
Total	40,089	32,257	-20%

Source: U.S. Department of Housing and Urban Development, HOME National Production Reports, <https://www.hudexchange.info/programs/home/home-national-production-reports/>.

Table D-3. Average Nominal HOME Contribution for Completed Units, FY2015 and FY2024

Activity	Average Cost of Completed Units (or TBRA)		
	FY2015	FY2024	Percentage Change
Ownership Acquisition	\$16,436	\$28,121	71%
Ownership New Construction	\$62,427	\$73,606	18%
Ownership Rehabilitation	\$37,127	\$57,724	55%
Rental New Construction	\$78,893	\$108,155	37%
Rental Rehabilitation and Acquisition	\$48,628	\$86,789	78%
TBRA	\$3,128	\$4,672	49%

Source: U.S. Department of Housing and Urban Development, HOME National Production Reports, <https://www.hudexchange.info/programs/home/home-national-production-reports/>.

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