



**NATIONAL
PRESERVATION
WORKING GROUP**

July 26, 2024

**Office of the Assistant Secretary for Community Planning and Development
Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410**

RE: Docket No. FR-6144-P-01, HOME Investment Partnerships Program: Program Updates and Streamlining

To Whom it May Concern:

On behalf of the National Preservation Working Group (PWG), thank you for the opportunity to comment on HUD's proposed *HOME Investment Partnerships Program (HOME): Program Updates and Streamlining* rule. As you know, we are in the middle of a housing crisis, with a shortage of 7.3 million rental homes affordable and available to renters with extremely low incomes.¹ Meeting this need necessitates a dual pronged approach that includes both preservation and new construction. HOME has been a critical resource to communities across the country to build, rehabilitate and preserve multifamily rental housing. Without an immediate, coordinated effort to simultaneously preserve existing homes and build new ones, more families and older adults will be trapped in poverty and instability.

Thank you for considering our comments below, which relate solely to the provisions in the proposed rule that pertain to the preservation of multifamily rental homes.

About the national Preservation Working Group

PWG is a national coalition of housing owners, developers, advocates, tenant associations, state and local housing agencies, and others dedicated to the preservation of multifamily housing for low-income families. PWG seeks to address threats to our nation's affordable housing stock – including expiring rental assistance, conversion to market rate use, deteriorating physical and financial conditions, increasing climate risk, and inequitable housing policies – and advance solutions to protect these homes and the people who live in them. In doing so, we seek to ensure that this

¹ National Low Income Housing Coalition, *The Gap: A shortage of Affordable Homes*, March 2024.
<https://nlihc.org/gap>



housing remains safe, affordable, and accessible to low-income households into the future. We advocate for strong federal, state, and local program administration and increased resources, identify and disseminate best practices, and share information that protects, enhances, and preserves existing multifamily affordable rental homes to foster agency for residents. You can learn more about PWG and its members [here](#).

Comments on Proposed HOME Rule

As mission-driven affordable housing stakeholders, we value HUD's thoughtfulness in updating and revising the requirements governing HOME. HUD's proposed rule makes important updates to one of our country's most important affordable housing supply programs. For nearly three decades, HOME has been one of the most effective and flexible tools states and localities have to meet their affordable housing needs, including production and preservation of rental homes. In that time, the HOME program has built and preserved more than 1.34 million affordable homes and provided direct rental assistance to over 403,000 families in rural, suburban, and urban communities alike.² It is critical that the program continues to be available to address our affordable housing supply by both building new units and preserving those we already have.

We are especially appreciative of the recognition that successfully preserving a property requires both physical and financial viability. More specifically, PWG is pleased to see the following clarifications:

- **Troubled Properties:** The 2013 Final Rule defined "troubled properties" to determine whether to permit additional flexibilities to preserve the affordability of a project. This was a critical update to the program given the aging housing stock and other threats to preservation, but previously, interpretations have too narrowly focused on financial viability. In the proposed rule, HUD clarifies that it may consider the financial viability *or the physical condition* of the housing when preserving HOME-assisted units at risk of failure or foreclosure. We appreciate the growing recognition that changes to physical characteristics may substantially impact the preservation of a project, including deferred maintenance due to unanticipated financial limitations, or unforeseen capital needs. By clarifying this

² HOME Coalition, HOME FY 23 National Factsheet, <https://www.ncsha.org/wp-content/uploads/HOME-FY-23-National-Factsheet.pdf>





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definition, HUD is opening up how Participating Jurisdictions (PJs) and property owners can work together to identify “troubled properties” and take steps to preserve them.

- **Period of Affordability:** The term “period of affordability” is used throughout 24 CFR 92 but has at times been inconsistently interpreted. The proposed rule more clearly defines “period of affordably” to distinguish it from an extended period of affordability or additional compliance period imposed on HOME-assisted housing. This is a much needed clarification so that states and localities can still prioritize long-term affordability while distinguishing it from the HUD definition. Given that the HUD definition restricts additional HOME funds from being invested in a project after the first 12 months following project completion and through the period of affordability, this clarification ensures that additional resources can be used to preserve a property.

PWG also appreciates the following updates to the HOME program which have the potential to support preservation:

- **Maximum Per Unit Subsidy changes:** We value HUD permitting a higher maximum per-unit subsidy limit for projects meeting specific sustainability measures. The increased subsidy can help defer upfront costs of upgrades that support sustainability and preservation.
- **Community Housing Development Organizations (CHDOs) changes:** The proposed rule makes several changes to CHDO designations and project requirements. We were especially pleased to see that HUD proposed to eliminate the requirement that rental housing developed or sponsored by a CHDO continue to be owned by a CHDO throughout the period of affordability. CHDO capacity has been an ongoing challenge, and while we are also pleased to see proposals to ease these burdens, we know that there have been significant challenges when the status of the CHDO that developed or sponsored the project changes (e.g., a bankruptcy, decrease in capacity, or other business necessity) and acquisition of the housing by another entity must occur, which under the current rules must be another CHDO. The challenges include finding another qualified CHDO that has the capacity to own the project and the administrative burden in transferring the project to another CHDO, which may take a significant amount of time. In many instances, finding another CHDO that is willing and has capacity to assume ownership of the housing is not feasible. Such difficulties have jeopardized efforts to preserve the housing's affordability. We believe that



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allowing the CHDO-developed or -sponsored project to be conveyed to eligible private nonprofits creates an additional pathway to long-term preservation and ongoing operation of existing properties.

Again, thank you for the opportunity to comment on the proposed HOME rule. We look forward to working with HUD to advance solutions for crisis-level affordable housing supply and homelessness interventions that address our country's worst case housing needs. Please direct any questions to Laura Abernathy, Senior Director of Housing Policy with the National Housing Trust (labernathy@nhtinc.org). We look forward to our continued partnership.

Sincerely,

The National Preservation Working Group

