

Housing Program Policies and Procedures

COSCDA Annual Training Conference 2026, Memphis

Carrie Kronberg
Director

Scott Ledford
Senior Director

10/05/2026

Discussion Topics

- What are policies & procedures?
- Why are policies & procedures important?
- Elements of HOME and HTF policies and procedures
- 2025 HOME Rule updates

Policy & Procedures Basics

What are policies and procedures?

Policies and procedures are the documented internal and external rules, controls, and workflows states use to manage, distribute, and close out funding while ensuring full regulatory compliance.

Put simply: they describe all aspects of how states operate HOME and HTF programs.

What is the difference between a policy and a procedure?

A POLICY describes the why and the what, a high-level statement of the requirement or goal.

A PROCEDURE describes how the policy is going to be carried out, detailing the process.

Why are policies & procedures important?

- They're required
  - 24 CFR 92.504(a) "The participating jurisdiction must have and follow written policies, procedures, and systems, including a system for assessing risk of activities and projects and a system for monitoring entities consistent with this section, to ensure that the requirements of this part are met."
  - 24 CFR 93.404(a) "The grantee must have and follow written policies, procedures, and systems, including a system for assessing risk of activities and projects and a system for monitoring entities consistent with this section, to ensure that the requirements of this part are met."

- They establish and document how to operate housing funding programs and promote:
  - Internal and external communication
  - Consistent and objective application of program requirements
  - Organizational knowledge retention

Elements of effective policies

Purpose

State *why* the policy exists and the goal it supports

Scope

Provide a broad, general statement about the requirement

Timing

Indicate the start date for newly adopted policies

Applicable Rules

Regulatory or statutory citation

Elements of effective procedures

Responsibility

Indicate who is responsible for each step in the process, by job title

Step-by-step instructions

Document the sequential process in plain language

Logic

Include rationale on what to consider at points in the process that require evaluation or a decision

Tools and forms

Develop tools and forms to guide users through a standardized process

Troubleshooting

Address common challenges

Policy Example: Allocating funding

To distribute HUD rental housing gap funding in an objective and transparent manner consistent with the state's geographic distribution of housing needs, the State Housing Department solicits applications for projects seeking HOME and HTF rental housing funds via an annual Notice of Funding Availability published on April 1.

Procedure Example: Allocating funding



1. The State Housing Board adopts the annual plan, geographic priorities, and policy direction for state-funded affordable rental housing by January 31.
2. State Housing Department development and compliance staff draft the HOME and HTF NOFA and application, incorporating guidance from the Board's direction by February 28.
3. The NOFA and application go through internal review and obtain State Housing Board approval by March 31.
4. The State Housing Department publishes the NOFA and application on April 1. Letters of intent are due April 20, and applications are due by May 31.
5. The State Housing Department development and compliance staff hold an application workshop on April 15, during which they communicate the state's priorities, project threshold criteria, and compliance requirements, and respond to potential applicant questions.
6. Following application submission, State Housing Department development staff complete a threshold review by June 15 of the projects in their region. Applications that do not meet threshold criteria are notified and given the opportunity to cure by June 30.
7. Etc…

Required and recommended elements of HOME & HTF policies & procedures

Approaches to Organize Housing Program Policies & Procedures

By Program Phase:

- Program Oversight
- Project and Activity Selection
- Project and Activity Approval and Commitment
- Project and Activity Oversight and Reimbursements
- Ongoing Occupancy and Long-Term Compliance (rental/homeownership activities)

By Activity:

- Administration
- Rental Housing, Down Payment Assistance, Tenant-Based Rental Assistance, etc.
- Program Income
- Acquisition and Relocation, Labor Standards, Affirmatively Furthering Fair Housing
- Monitoring
- Recordkeeping
- Etc.

Comprehensive Program Manual vs. Combined Policies

STANDALONE PROGRAM MANUAL

One complete manual for each entire housing program

ADVANTAGES

- **Fast navigation:** all program rules, roles, and forms stay in one place.
- **Clear accountability:** onboarding, monitoring, and version control are simpler.
- **Program nuance:** exceptions and local decisions remain highly visible.

TRADE-OFFS

- **Duplicate maintenance:** shared cross-cutting rules may be repeated.
- **More change points:** agency-wide updates must be synchronized.
- **Silo risk:** practices can drift from other funding programs.

COMBINED MULTI-FUNDING POLICIES

HOME and HTF integrated with other funding-program guidance

ADVANTAGES

- **Maintain once:** shared rules and tools are updated in one place.
- **Consistent delivery:** staff see common workflows across programs.
- **Layered projects:** coordination across funding sources is easier.

TRADE-OFFS

- **Harder to scan:** HOME- and HTF-specific requirements may be buried.
- **Complex governance:** updates involve more owners and dependencies.
- **Overgeneralization:** exceptions can be missed without clear labels.

RECOMMENDATION: To streamline HUD monitoring, if the state opts to combine HOME and HTF policies and procedures with those of other programs, develop a crosswalk that identifies each HOME and HTF P&P and references its location.

HOME and HTF P&P – Required Elements

- Review HOME and HTF regulations and HUD monitoring handbook for specifically-required policies, procedures, and guidelines, for example:
  - Underwriting and subsidy layering guidelines (rental)
  - Underwriting standards (homeownership)
  - Systems to assess risk and monitor funded entities
- Identify where HOME and HTF require policy decisions by the state, for example:
  - Income definition (Part 5 or IRS 1040)
  - Allowing the use of income safe harbors
  - Method for determining sales prices of for-sale homes developed with HOME funds
  - Method of determining the form of assistance to a project owner (e.g., grant or loan)
- Tip: Go through 24 CFR 92.508 and 93.407 for recordkeeping requirements to help identify procedures that should be established and documented.

HOME and HTF P&P – Recommended Elements

- HUD may not require every policy and procedure applicable to state programs, but states should evaluate whether documenting certain information or processes will streamline and clarify program administration
- Examples:
  - Staff roles and responsibilities chart
  - Guidance to potential applicants for funding
  - Award communication method
  - Review and pre-approval of tenant leases

2025 Major HOME Rule Updates – P&Ps to Revisit

- Income
  - Expanded and optional use of income safe harbors, requirement to apply Part 5 definition when tenant benefits from a rental subsidy
  - Reduced frequency of income determinations for small-scale rental housing
- Property Standards
  - NSPIRE inspection standard, minimum sample size for rental housing
  - Option to accept another funder's NSPIRE inspection determining property is decent, safe, sanitary
  - Smoke detection and carbon monoxide detection requirements (pending HUD guidance)
- CHDOs
  - CHDO definition changes: ensure CHDO certification procedure aligns with revisions, including eligible CHDO project roles

2025 Major HOME Rule Updates – P&Ps to Revisit, cont'd

- Rental
  - Small scale housing: new rental project type with streamlined oversight requirements
  - Expanded allowance for rental assistance rent limits to prevail over HOME rent limits
  - Allows 50% or 60% of LIHTC rent to prevail over Low HOME rent in dual-designated units
  - Increase from 30 to 60 days for owner to provide tenant written notice before a rent increase
  - Utility allowance: may once again adopt applicable PHA utility allowance
  - Increases dollar thresholds that determine period of affordability
- TBRA
  - Reduced frequency of income determination from annually to biennially
  - Establish financial hardship policy, if desired, to relieve TBRA tenants of minimum contribution to rent
  - Increase from 30 to 60 days for owner to provide tenant written notice before a rent increase
  - Written agreements with tenant, owner, and PJ/subrecipient
  - NSPIRE inspections

2025 Major HOME Rule Updates – P&Ps to Revisit, cont'd

- Homeownership
  - Option to expand program design to allow homebuyer acquisition of property that does not meet property standards provided property will be rehabilitated within 6-12 months
  - Period of affordability begins upon recording of resale restriction or execution of the recapture document, which can only occur after the home meets property standards
  - May adopt any of four HUD-specified resale formulas in HOME resale provisions
  - New lease-purchase requirements, if program design allowed by PJ