

§ 954.300

equal to or greater than the lowest rating received by a funded project during the last rating cycle must be attained by the modified project. The request for approval of an amendment for a project which involves less than \$100,000 does not have to include the components which address the selection criteria. It does require a description of and the reason for the modification.

(c) Approval of an amendment request is subject to the following:

(1) Demonstration by the grantee of the capacity to promptly complete the modified or new project.

(2) The preparation of an amended or new environmental review in accordance with Part 58 of this title, if there is a significant change in the scope or location of approved project.

(d) If a project amendment fails to be approved and the original project is no longer feasible, the grant funds proposed for amendment shall be deobligated by HUD and recaptured.

Subpart C—Eligible Activities and Affordability

§ 954.300 Eligible activities.

(a) *Eligible activities*—(1) *General*. HOME funds may be used by a grantee to provide incentives to develop and support affordable *rental* housing and *homeownership* affordability and to provide payment of reasonable administrative and planning costs. The housing must be permanent or transitional housing, and includes permanent housing for disabled homeless persons, and single-room occupancy housing. The specific eligible costs for these activities are set forth in § 954.303 and § 954.304.

(2) Acquisition of vacant land or demolition must be undertaken only as an integral part of a particular HOME new construction project.

(3) Manufactured housing. Purchase and/or rehabilitation of a manufactured housing unit qualifies as affordable housing only if, at the time of project completion, the unit:

(i) Is situated on a permanent foundation (except—for rehabilitation not involving purchase—when assisting existing unit owners who rent the lot on which their unit sits);

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(ii) Is connected to permanent utility hook-ups;

(iii) Is located on land that is held in fee-simple title, land-trust, or long-term ground lease with a term at least equal to that of the appropriate affordability period;

(iv) Meets the construction standards established under 24 CFR part 3280 if produced after June 15, 1976. If the unit was produced prior to June 16, 1976, it must comply with applicable tribal, State or local codes; and

(v) In cases where the owner of a manufactured housing unit does not hold fee-simple title to the land on which the unit is located, the owner may be assisted in purchasing the land under provisions governing rehabilitation not involving purchase.

(b) *Forms of assistance*. A grantee may invest HOME funds as equity investments, interest-bearing loans or advances, noninterest-bearing loans or advances, interest subsidies consistent with the purposes of this part, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with the purposes of this part. Each grantee has the right to establish the terms of assistance, subject to the requirements of this part.

§ 954.301 Faith-based activities.

(a) Religious organizations are eligible, on the same basis as any other organization, to participate in the Indian HOME program. Neither the federal government nor a tribal government nor any other entity that administers any program or activity under this part shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(b) Organizations that receive direct HUD funds under the Indian HOME program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the program or services funded under this part. If an organization conducts such inherently religious activities, the inherently religious activities must be offered separately, in time or location, from the programs, activities, or services supported by direct