HOME *FACTS* - Vol. 10, No. 1, April, 2021

Topic

This HOME *FACTS* explains how to account for HOME project delivery costs in the Integrated Disbursement and Information System (IDIS).

Background

The HOME regulation at 24 CFR 92.207 allows a HOME participating jurisdiction (PJ) to expend up to ten percent of its annual HOME allocation on eligible administrative and planning costs. To enforce this requirement, IDIS automatically sets aside 10 percent of each HOME grant into the PJ's AD subfund. In addition to this administrative allowance, the PJ may choose to charge eligible project related soft costs as project delivery costs in order to save its administrative allowance for use on other eligible administrative costs identified in §92.207. Project delivery costs charged by the PJ must be the actual costs incurred by the PJ and cannot be estimated costs.

Note: When funding a HOME IDIS activity with project delivery costs, the PJ must use a fund type other than AD.

When funding a HOME IDIS activity, the PJ must include any applicable project delivery costs to the activity as part of the total activity funding for the activity, rather than creating a separate activity for the project delivery costs. Project delivery costs are eligible HOME costs, not an eligible HOME activity. Therefore, project delivery costs **may never** be set up as a standalone activity in IDIS.

Overview

The HOME regulation at §92.206 defines eligible project delivery costs (or "related soft costs") as "reasonable and necessary costs incurred by the owner or participating jurisdiction and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds."

Project delivery costs, whether or not they are specifically included in the HOME written agreement required under §92.504(c), must be included in the overall funding for the specific IDIS activity and must use the same fund type that the PJ used to fund the project costs in the activity (i.e. EN, CR). In accordance with §92.504(b), before disbursing any HOME funds to any entity, the participating jurisdiction must enter into a written agreement with that entity. Therefore, any project delivery costs incurred by an entity other than the PJ must be included in either the subrecipient agreement or the project written agreement. Administrative funds (i.e., AD fund type) may not be used for project delivery costs.
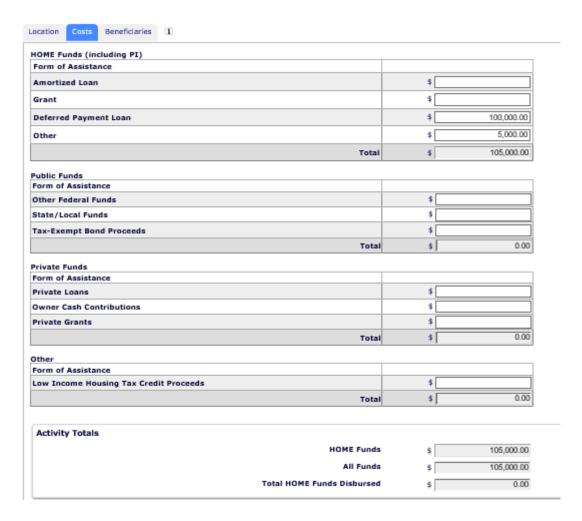
For HOME-assisted programs (e.g., downpayment assistance, homeowner rehabilitation) administered by HOME PJs or subrecipients, the PJ must set up individual IDIS activities for each address assisted and attribute the actual project delivery costs incurred for each activity. The PJ **may not** set up a

standalone activity to draw aggregate project delivery costs for the entire program.

Example

A PJ executed a written agreement with a developer to provide a deferred payment HOME loan of $100,000 to develop 2 units of affordable rental housing. The PJ incurs project delivery costs in the amount of $5,000 for this project. When the PJ funds this activity in IDIS, the total funded amount is $105,000. The PJ may not set up and fund an activity for $5,000 for only the project delivery costs.

When entering accomplishment information for this activity into IDIS, to account for the project delivery costs, the PJ will navigate to the **Costs** tab on the **Add HOME Completion Detail (Page 2)** page and input the Deferred Payment Loan of $100,000 and the project delivery costs of $5,000 in **Other** in the HOME Funds section as shown below.

Step by step instructions on how to navigate to the **Add HOME Completion Detail (Page 2)** page in IDIS can be found in the HOME IDIS Training Manual for PJs.

Questions or Assistance
Questions about HOME project delivery costs should be directed to your local HUD Field Office. Questions about properly reflecting HOME project delivery costs in IDIS may be directed to the "Ask A Question" portal on HUD Exchange.