



HOME FACTS - Vol. 3 No. 1, June, 2010 (Revised Feb., 2014)

Topic

This issue of HOME *FACTS* explains an important change in HUD's treatment of HOME activities with commitments in the Integrated Disbursement and Information System (IDIS) that are over 12 months old with no funds disbursed. Effective with IDIS Release 11.7 in March 2014, these activities are automatically cancelled by IDIS on a daily basis and the funds uncommitted, following the process described below. **All previous guidance is obsolete.**

Requirement

The definition of "commitment" (24 CFR 92.2) states that HOME funds may only be committed: (1) to a project that involves acquisition of standard housing if the property will be transferred within 6 months; or (2) to a project involving new construction or rehabilitation of housing if all necessary financing has been secured, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within twelve months of the agreement date. Consequently, HUD expects that participating jurisdictions (PJs) that are in compliance with the regulations will have disbursed funds for a project within 12 months of project commitment. Section 92.502(b)(2) of the HOME regulations permits HUD's Integrated Disbursement and Information System (IDIS) to automatically cancel an activity that has been committed in the system for 12 months without an initial disbursement of funds.

HUD tracks commitments to HOME projects through activity funding in IDIS. The date funds are first committed to a HOME activity in IDIS is recorded by IDIS as the "Initial Funding Date". Committing funds in IDIS before executing a legally binding written agreement for the use of the funds violates the HOME regulations. In April 2010, CPD amended its monitoring procedures to require HUD Field Offices to compare the execution dates of written agreements with the "Initial Funding Date" in IDIS to ensure that activities are not set up in IDIS before a legally binding agreement is executed.

There are several reasons why an activity that has been funded for more than 12 months would not have disbursed any funds, including: (1) the project may have been cancelled in reality, but not cancelled in IDIS; (2) the project may be waiting for additional approvals before construction proceeds; or (3) the project may be under construction but the HOME funds will be disbursed last or used for permanent financing. Irrespective of the cause, IDIS automatically cancels all activities funded for more than 12 months with no disbursements.

Process

IDIS will automatically change the status of any "Open" activities in IDIS to "Cancelled" when: (1) the "Initial Funding Date" is over 12 months prior; (2) the "Funded Amount" is greater than \$0; and (3) the "Drawn Amount" is \$0. Once the activity is cancelled, any funds that were committed to that activity will no longer be considered committed HOME funds. However, the funds will remain available to the PJ for commitment to other projects. Please note that this has important implications in determining whether or not a PJ has met its annual 24-month commitment requirement.

For example, assume that a HOME PJ set up activity #1525 on March 15, 2013, and funded it for \$29,000 but has not drawn down funds for the activity. On March 16, 2014, IDIS will change that activity's status from "Open" to "Cancelled" and return the uncommitted HOME funds to the PJ's available balance. If this PJ's commitment deadline is June 30, 2014 and its total commitments as of March 15, 2014 are exactly equal to its commitment requirement, the PJ would have until June 30, 2014 (i.e., 107 days after automatic cancellation of the activity) to commit at least \$29,000 in order to meet its commitment requirement. If it does not commit \$29,000 by its June 30, 2014 deadline, the PJ will have a commitment requirement shortfall and HUD will deobligate the shortfall amount.

Review

HUD urges all PJs to review, on an ongoing basis, the status of all HOME IDIS activities that have been open for nearly 12 months without a draw and take appropriate action.

Beginning with IDIS release 11.7 (March 2014), PJs can use the HOME Review Activities page in IDIS to view activities that have been automatically cancelled by IDIS. If an automatically cancelled activity remains in cancelled status, it will remain visible on the HOME Review Activities page in IDIS for one year. If the automatically cancelled activity is reopened, it will no longer appear on the HOME Review Activities page in IDIS.

HUD will also make available a new IDIS Microstrategy report – the IDIS PR21 *HOME Auto Cancel Report* – in release 11.7 that will list all activities automatically cancelled by IDIS during a specified date range. A monthly list of cancelled activities, the *HUD Initiated Activity Cancellation Report*, will continue to be posted to the HOME website (<https://onecpd.info/resource-library/home-hud-initiated-activity-cancellation-reports/>).

In addition, after IDIS release 11.8 (scheduled for May 2014), warning flags will appear on the HOME Review Activities page in IDIS both 90-days and 30-days before an activity is scheduled for automatic cancellation.

The Open Activities Report, found at: <https://onecpd.info/resource-library/home-pjs-open-activities-reports/>, can also be used to identify activities in jeopardy of being cancelled. Follow these steps to identify your activities:

1. Use the web filter to filter the report for your state and date of report.
2. Use Excel filter to filter activities for your PJ.
3. Use Excel filter to filter activities with a status of "OP".
4. Use Excel filter to filter activities with a drawn amount of "0.00".
5. Look at the "Funding Date" of the activities to find activities funded more than 12 months prior to the date on the report.

IMPORTANT NOTES: Activities that have been automatically cancelled in IDIS can be re-opened by HOME PJ IDIS users. Activities that are re-opened after automatic cancellation should receive a new commitment of funds only if both of these conditions apply: (1) construction will begin immediately (i.e., within 30 days) or, if after consultation with your field office, it is determined that the commitment of HOME funds to the project is justified; and (2) the PJ intends to disburse HOME funds within 30 days after the activity is re-opened in IDIS. If an activity is automatically cancelled and then re-opened, and funds are again committed to that activity, the "Initial Funding Date" will not change. Therefore, it is important for PJs to draw down funds for re-opened activities within 30 days after funds were re-committed to the activity. Automatically cancelled activities that are re-opened will remain open for 30 days after which, if funds have not been drawn down, they will again be automatically cancelled.

For automatically cancelled activities with an "Initial Funding Date" more than three years old, the PJ must provide its Field Office CPD Representative with documentation that shows the current status of the project, a project budget, a project schedule, and proof that adequate financing has been

secured to complete the project. The PJ may not re-open the activity in IDIS until this documentation has been received and it has been given written permission to re-open the activity in IDIS by its Field Office CPD Representative.