



HOME FACTS - Vol. 1 No. 3, Sept., 2008 (Revised April, 2015)

Topic

This issue of HOME FACTS explains how to use the Integrated Disbursement and Information System (IDIS) *PR 27 Status of HOME Grants Report* to compute a participating jurisdiction's (PJ's) commitment requirement and total commitments; CHDO reservation requirement and total CHDO reservations; CHDO expenditure requirement and total CHDO expenditures; and expenditure requirement and total expenditures for the HOME Program.

HUD uses the *HOME Deadline Compliance Status Report* to track PJ compliance with HOME's commitment, CHDO reservation, and expenditure requirements. The report can be found on the HOME website (<https://www.hudexchange.info/home>). Since the *HOME Deadline Compliance Status Report* is based on a monthly download of IDIS data, the *IDIS PR 27 Report* must be run on the first day of the month in order for the figures on the two reports to match. However, the *IDIS PR 27 Report* can be used to track, on a day by day basis, a PJ's status in relation to its commitment, CHDO reservation, CHDO expenditure, and expenditure requirements.

Commitment Requirement

A HOME PJ is required to commit its HOME funds within 24 months after the last day of the month in which HUD notifies the PJ of HUD's execution of the HOME grant agreement. The entire grant amount must be committed. HUD measures compliance with this requirement cumulatively. In other words, all funds that are committed as of the PJ's deadline are counted towards the PJ's commitment requirement regardless of the year of the grants used to make the commitments.

The commitment requirement can be calculated using the *IDIS PR 27 Report* by adding the "Total Authorization" amounts on page 1 through the requirement year. For example, the commitment requirement for a PJ's 2015 deadline would be the sum of its total authorizations through 2013. The "Total Authorization" amount includes HOME (and ADDI for PJs that received ADDI allocations between 2004 and 2008) funds and takes into account any deobligations or other grant adjustments that have occurred.

The amount of total commitments is the sum of "Total Authorized Commitments" found on page 1 of the *IDIS PR 27 Report*. The "Total Authorized Commitments" (page 1) is the sum of the following columns also found on page 1 of the *IDIS PR 27 Report*: "Admin/CHDO OP Authorization", "CR/CL/CC - Amount Committed to CHDOs", "SU Funds – Subgrants to Other Entities", and "EN Funds – PJ Committed to Activities". The formula for this calculation is as follows:

$$\begin{aligned} & \text{AD (total authorized amount of the AD subfund)} \\ + & \text{CO (total funded amount of CO activities)} \\ + & \text{CR (total funded amount of CR activities)} \\ + & \text{CC (total funded amount of CC activities)} \\ + & \text{CL (total funded amount of CL activities)} \\ + & \text{SU (total authorized amount of subgrants to state recipients and/or subrecipients)} \\ + & \text{EN (total funded amount of EN activities)} \\ = & \text{Total Commitments} \end{aligned}$$

If the amount of total commitments is greater than the commitment requirement, the PJ currently meets its commitment requirement.

NOTE: The amount of total commitments does not include activities explicitly funded with program income (PI) nor does it include PI disbursed. It also does not include commitments for PA (program income for administration), HP (recaptured homebuyer funds), or IU (repayments to the local account). Drawing down funds in the PJ's local account (i.e., PI, PA, HP, or IU funds) for activities funded with Treasury account funds (i.e., EN, CR, CC, CL, CO, SU, AD) results in a reduction to the total commitments because only Treasury account funds are counted toward a PJ's total commitments.

EXAMPLE: The PJ funds IDIS Activity ID 2345 with \$55,000 of EN funds. When it is time to draw down \$25,000 for activity 2345, the PJ realizes it has \$10,000 available in its local account as PI. HOME Regulations at 24 CFR 92.502(c)(3) require PJs to disburse all funds in their local account prior to drawing Treasury funds to pay for project related costs. Therefore, the PJ funds the activity with \$10,000 of PI and reduces the EN funding of the activity to \$15,000 and draws down both the \$15,000 of EN and the \$10,000 of PI. The PJ's total commitments to the activity have effectively been reduced by \$10,000.

CHDO Reservation Requirement

A HOME PJ is required to reserve not less than 15 percent of its HOME allocation for investment only in housing to be developed, sponsored, or owned by CHDOs within 24 months after the last day of the month in which HUD notifies the PJ of HUD's execution of the HOME grant agreement. The HOME Final Rule issued July 24, 2013, defines a CHDO reservation as a project specific commitment to a CHDO project. For more information on CHDO reservations see the HOME regulation at 24 CFR 92.300(a)(1).

The CHDO reservation requirement is 15 percent of the PJ's HOME grant amount. Any ADDI funds the PJ received are subtracted from the grant before the 15 percent calculation is made. Like the commitment requirement, HUD also measures compliance with the CHDO reservation requirement cumulatively. In other words, all funds that are reserved to CHDOs as of the PJ's deadline are counted towards the PJ's CHDO reservation requirement regardless of the year of the grants used to make the CHDO reservations. The CHDO reservation requirement can be calculated using the *IDIS PR 27 Report* by adding the "Total Authorization" amounts (page 1) through the requirement year. Any ADDI funds received must be subtracted from this total. The ADDI allocations received each year can be found on the *Grant* screen in IDIS. ADDI funds were only allocated on HOME grants between 2004 and 2008.

All grant adjustments (i.e., previous deobligations, previous expired grant funds, etc.) must be added back into the "Total Authorization" amount because the calculation is based on the PJ's original grant amount and not the reduced amount. However, previous CHDO deobligations or expired CHDO funds are later subtracted from the CHDO reservation requirement.

In order to determine the CHDO reservation requirement, the sum of the "Total Authorization" column on page 1 of the *IDIS PR 27 Report* minus ADDI allocations, adjusted for any non-CHDO deobligations, is multiplied by 15 percent. Any CHDO deobligations or expired CHDO funds are subtracted from the result. The formula for this calculation is as follows:

Total Authorizations through requirement year (page 1)
- ADDI allocations through requirement year (from IDIS Grant screen(s))
+ Previous grant adjustments (i.e., deobligations, expired funds)
x 15 percent
- CHDO deobligations (i.e., CHDO deobligations or expired CHDO funds)
= CHDO Reservation Requirement

The amount of total CHDO reservations is the sum of "CR/CL/CC – Amount Committed to CHDOs" found on page 1 of the *IDIS PR 27 Report*.

If the amount of total CHDO reservations is greater than the CHDO reservation requirement, then the PJ currently meets its CHDO reservation requirement.

CHDO Expenditure Requirement

A HOME PJ is required to expend not less than 15 percent of its HOME allocation for investment only in housing to be developed, sponsored, or owned by CHDOs within five years after the last day of the month in which HUD notifies the PJ of HUD's execution of the HOME grant agreement. The HOME Final Rule issued July 24, 2013, added this requirement at 24 CFR 92.500(d)(1)(C).

The CHDO expenditure requirement is 15 percent of the PJ's HOME grant amount. Any ADDI funds the PJ received are removed from the grant before the 15 percent calculation is made. Like other HOME deadline requirements, HUD measures compliance with the CHDO expenditure requirement cumulatively. In other words, all funds that are expended for CHDO projects as of the PJ's deadline are counted towards the PJ's CHDO expenditure requirement regardless of the year of the grants used to make the CHDO expenditures. The CHDO expenditure requirement can be calculated using the *IDIS PR 27 Report* by adding the "Total Authorization" amounts (page 1) through the requirement year. Any ADDI funds received must be subtracted from this total. The ADDI allocations received each year can be found on the Grant screen in IDIS. ADDI funds were only allocated on HOME grants between 2004 and 2008.

All grant adjustments (i.e., previous deobligations, previous expired grant funds, etc.) must be added back into the "Total Authorization" amount because the calculation is based on the PJ's original grant amount and not the reduced amount. However, previous CHDO deobligations or expired CHDO funds are later subtracted from the CHDO expenditure requirement.

In order to determine the CHDO expenditure requirement, the sum of the "Total Authorization" column on page 1 of the *IDIS PR 27 Report* through the requirement year (i.e., typically five years prior to the current year) minus ADDI allocations, adjusted for any non-CHDO deobligations, is multiplied by 15 percent. Any CHDO deobligations or expired CHDO funds are subtracted from the result. The formula for this calculation is as follows:

	Total Authorizations through requirement year (page 1)
-	ADDI allocations through requirement year (from IDIS Grant screen(s))
+	Previous grant adjustments (i.e., deobligations, expired funds)
x	15 percent
-	<u>CHDO deobligations (i.e., CHDO deobligations or expired CHDO funds)</u>
=	CHDO Expenditure Requirement

Using the *IDIS PR 27 report*, the amount of total CHDO expenditures is the sum of "Total Disbursed" from page 10 (CHDO Funds (CR)) plus the sum of "Total Disbursed" from page 11 (CHDO Loans (CL)) plus the sum of "Total Disbursed" from page 12 (CHDO Capacity (CC)).

If the amount of total CHDO expenditures is greater than the CHDO expenditure requirement, then the PJ currently meets its CHDO expenditure requirement.

Expenditure Requirement

A HOME PJ is required to expend its HOME funds within five years after the last day of the month in which HUD notifies the PJ of HUD's execution of the HOME grant agreement. The expenditure requirement is based on the PJ's entire grant amount and like the commitment, CHDO reservation, and CHDO expenditure requirements, compliance with the expenditure requirement is also measured cumulatively. All expenditures made by the time of the PJ's deadline are counted towards the PJ's

expenditure requirement regardless of the year of the grant from which the expenditures were made.

The expenditure requirement can be calculated using the *IDIS PR 27 Report* by adding the "Total Authorization" amounts on page 1 through the requirement year (i.e., typically five years prior to the current year). For example, the expenditure requirement for a PJ's 2015 deadline would be the sum of its total authorizations through 2010. The "Total Authorization" amount takes into account any previous grant adjustments such as deobligations; however, any adjustments to grants after the requirement year must be subtracted from the cumulative requirement.

The amount of total expenditures is the sum of "Total Disbursed" found on page 6 (Disbursements from Treasury Account) of the *IDIS PR 27 Report*. This amount does not include disbursements from a PJ's HOME Investment Trust Fund Local account.

If the amount of total expenditures is greater than the expenditure requirement, then the PJ currently meets its expenditure requirement.

Do you have questions?

Questions or correspondence regarding HOME deadline compliance should be directed to the Financial and Information Services Division, Office of Affordable Housing Programs.