



U.S. Department of Housing and Urban Development
Community Planning and Development

Special Attention of:

All Regional Directors for CPD
CPD Field Directors
All HOME Program Coordinators

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SUBJECT: HOME Program - Instructions for Designating New Participating Jurisdictions (PJs); Reserving and Obligating Funds; Reallocating Funds; and Numbering HOME Investment Partnerships Agreements

Table of Contents

	Page
I. Purpose	2
II. Background	2
III. Allocation Threshold and Participation Threshold	2-3
IV. Designation of New PJs	3-4
V. Assignment and Reservation of Funds	5-8
VI. Reallocations	8
VII. Congressional Notifications Requests	9
VIII. Obligation of Funds	9
IX. Access to Grant Funds	9-10
X. Instructions for Numbering HOME Investment Partnerships Agreement	10-11
XI. Instructions for Establishing PJs, CHDOs, State Recipients, and Other Entities in IDIS	12
XII. Instructions for Recording Local Funds in IDIS	12
Attachments	12

1. Funding Approval and HOME Investment Partnerships Agreement (form HUD-40093)	13-15
2. Funds Reservation and Contract Authority (form HUD-718)	16
3. Direct Deposit Sign-Up Form (form SF-1199A)	17-18
4. IDIS Access Request Form	19

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Previous Editions are Obsolete

HUD-21B (3-80)

I. Purpose

This notice describes the following processes: designating new participating jurisdictions (PJs); reserving and obligating HOME Program funds; reallocating funds; and instructions for numbering form HUD-40093, Funding Approval and HOME Investment Partnerships Agreement. This notice supersedes Notice CPD 01-07, 00-04, 93-22, and any other policy guidance or directive relating to the reservation and obligation of HOME Program funds and the numbering of a HOME Investment Partnerships Agreement.

II. Background

The HOME Program is authorized by the HOME Investment Partnerships Act, Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (42 U.S.C. 12701 *et seq.*) (Act). Section 217 of the Act provides that funds made available under the program shall be allocated by formula to states and to eligible local jurisdictions. In accordance with Section 217(b)(3) of the Act, HUD will include, as jurisdictions eligible to receive allocations of HOME funds by formula: units of general local government that, as of the end of the previous fiscal year, qualified as metropolitan cities (as defined at section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4))); urban counties (as defined at Section 102(a)(6) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(6))); and approved consortia of units of general local government.

III. Allocation Threshold and Participation Threshold

A. Allocation Threshold

In order for a jurisdiction to be eligible to receive HOME funds, its proposed allocation must reach or exceed a certain threshold. In years in which the HOME appropriation is \$1.5 billion or more, the minimum allocation required for new jurisdictions is \$500,000. In years in which the HOME appropriation is less than \$1.5 billion, the minimum allocation required for new jurisdictions is \$335,000.

B. Participation Threshold

When a proposed jurisdiction's formula allocation is equal to or less than \$750,000 (or \$500,000 in fiscal years where Congress appropriates less than \$1.5 billion), HUD must find:

- The unit of general local government has a local housing authority and has demonstrated a capacity to carry out the provisions of the HOME program, as evidenced by satisfactory performance under one or more HUD-administered programs that provide assistance for activities comparable to the eligible activities.
- The state has authorized HUD to transfer to the unit of general local

government a portion of the state's allocation, or the state, the unit of general local government, or both, has made available its own resources such that the sum of the amounts transferred or made available are equal to or greater than the difference between the unit of general local government's formula allocation and \$750,000 (or \$500,000 in fiscal years where Congress appropriates less than \$1.5 billion). (See 24 CFR 92.102).

Jurisdictions that previously were designated as PJs are "grandfathered," and may receive HOME allocations whether or not their allocations meet these minimum thresholds.

See Section XII for instructions on recording local funds in the Integrated Disbursement and Information System (IDIS).

IV. Designation of New PJs

Jurisdictions eligible to receive a HOME Program allocation for the first time are advised of the following (see 24 CFR 92.103 through 92.105):

- Submit a written notification of intent to participate in the HOME Program within 30 days of the date of the notification from the field office. **NOTE: THIS IS A STATUTORY DEADLINE.**
- Submit a consolidated plan as required in 24 CFR 92.104 within 90 days after providing notification to HUD of its intent to become a PJ. **NOTE: THIS IS A STATUTORY DEADLINE.**
- If the jurisdiction's initial allocation is less than \$750,000 it must make up the difference between its initial allocation amount and \$750,000 in order to be designated a PJ, as required by 24 CFR 92.102 and 92.103. This amount is lowered to \$500,000 in years in which the appropriation is less than \$1.5 billion. ADDI funds cannot be counted to make up a jurisdiction's participation threshold shortfall. Any amounts allocated for a jurisdiction that does not become a PJ will be transferred to the state. Notify Evelyn Rumph in Headquarters, Office of Affordable Housing Programs (OAHP), Financial and Information Services Division (FISD) via e-mail of any jurisdiction that declines its allocation. New jurisdictions that have shortfalls must notify the field office of how the shortfall will be funded.
- The jurisdiction must include with its notification one or more of the following as evidence that it has met the participation threshold requirement:
 1. Authorization from the state to transfer a portion of its HOME allocation to the unit of general local government;

2. A letter from the Governor or designee indicating that the required state funds have been approved and budgeted for the unit of general local government; or
3. A letter from the chief executive officer of the unit of general local government indicating that the required local funds have been approved and budgeted.

The HOME Program is administered on a consolidated program year basis with the Community Development Block Grant Program (CDBG), Emergency Shelter Grants Program (ESG), and the Housing Opportunities for Persons with AIDS Program (HOPWA). The jurisdiction establishes the program year. Its consolidated plan is its application for federal funds under HUD's formula programs as well as its strategy to pursue its community planning and development programs, and affordable housing programs, based on its program year. It is important that the PJ has sufficient time to develop its consolidated plan and meet the citizen participation requirements of 24 CFR 91.

The field office should work informally with a new PJ to identify the start of the program year and determine the time needed to develop its consolidated plan. The field office can then formally notify the jurisdiction of its allocation amount on a predetermined date that triggers the notice of intent to participate and allows enough time for the jurisdiction to submit its consolidated plan. HUD staff should be cautious about releasing allocation information to a prospective new PJ because it could be considered a formal notice that starts the timeframe for the above deadlines.

When the jurisdiction has complied with the requirements of 24 CFR 92.102 through 92.104 described above, the jurisdiction will be designated as a PJ upon approval of its consolidated plan (see 24 CFR 91) by the field office. Once a state or unit of general local government is designated a PJ, it remains a PJ for subsequent fiscal years. The requirements of 24 CFR 92.102 through 92.105 do not apply unless HUD revokes the designation in accordance with section 24 CFR 92.107.

Any new consortium (including one comprised of a city or an urban county that was a PJ the previous fiscal year) must submit a notice of intent and must meet the \$750,000 or \$500,000 participation threshold, as applicable. All consortium members must have the same program year. See consortium guidance in HUD Notice CPD 06-04, or its replacement, on Procedures for Designation of Consortia as a Participating Jurisdiction for the HOME program.

NOTE: Grant numbers for HOME local participating jurisdictions are now assigned in Headquarters by the Systems Development and Evaluation Division (SDED) rather than in the field offices. As Headquarters calculates the allocations and prepares the HUD-185 and HUD-718 material, SDED will notify the Budget Division, program office, Office of Field Management (OFM), and field offices as the grant numbers are created. If you have any questions about this process, contact Faye Brill in Headquarters SDED at (202) 708-0790, extension 4407.

V. Assignment and Reservation of Funds

A. Procedure Before Initial Reservations. The Community Planning and Development Division (CPD) Budget Division assigns HOME Program funds to the field offices via automated HUD-185s and HUD-718s. This allows all funds allocated to each jurisdiction to be automatically reserved. Funds allocated to new PJs are included in this process. It is essential that field offices notify Evelyn Rumph in Headquarters as soon as possible whether a new jurisdiction will accept or decline its allocation. If Headquarters is notified whether a new jurisdiction will accept or decline its allocation prior to reserving its funds, then the applicable forms HUD-185 and 718 will be prepared by CPD's Budget Division. If not, and the jurisdiction subsequently declines its allocation, the process under Section V., B., 2. is followed.

A cover memorandum from the General Deputy Assistant Secretary is sent to each field office informing them that funds have been assigned and reserved in PAS, with summary totals of funds assigned to the field office. Copies of detailed reports listing each jurisdiction's allocation are sent via e-mail to each field office. At this point, field office staff is able to obligate funds following the procedures outlined in Section VIII. If Headquarters does not receive notification that a new jurisdiction will decline its HOME allocation, Headquarters Budget Division will assign the funds to the jurisdiction as if it was accepting its grant. If the jurisdiction subsequently declines its grant, the procedure under Section V., B. is followed. If there are any questions regarding this process, contact the Budget Division in Headquarters at (202) 708-2182.

In addition, a memorandum from the Deputy Assistant Secretary for Grant programs is sent to each CPD Director with a detailed spreadsheet of allocation amounts for both HOME and the American Dream Downpayment Initiative (ADDI), appropriation codes, funding source years, and sample grant agreements. This memorandum provides guidance on completing the single grant agreement form HUD-40093 that combines HOME and ADDI.

B. Procedure After Initial Reservations. If allocations are sent to the field offices prior to Headquarters being notified whether a new jurisdiction will accept or decline its allocation, then the respective field office must prepare form HUD-718. This includes adjustments to the initial allocations such as: 1) jurisdictions that are becoming PJs for the first time and are receiving HOME funds from the state to meet the minimum participation threshold amount; and 2) jurisdictions that decline their funds and the funds must be transferred to the state.

1. New PJs receiving HOME funds from the state:

a. State is overseen by same field office as new PJ:

The field office:

- Prepares two forms HUD-718 (Attachment 2): one for de-reserving funds from the state and one for reserving funds for the new PJ.

- Prepares two forms HUD-40093 (Attachment 1): one for the state, and one for the new PJ.
- Sends above forms to the CFO Accounting Center in Fort Worth for processing and to Evelyn Rumph in OAHP via fax (202) 708-1744 or pouch mail, room 7168.

b. State is overseen by different field office than new PJ:

The field office that oversees the state:

- Prepares form HUD-718 to de-reserve funds from the state's HOME allocation.
- Prepares form HUD-40093 for the state.
- Sends both forms to the CFO Accounting Center in Fort Worth for processing and to Evelyn Rumph in OAHP via fax (202) 708-1744 or pouch mail, room 7168.

Headquarters:

- OAHP prepares memo from the Deputy Assistant Secretary (DAS) for Grant Programs to the CPD Directors in the affected field offices stating the fiscal year of the transferred funds, previous allocation, amount of transferred funds, and revised allocation. The memo further instructs staff in the affected field offices which forms to prepare and where to send them.
- CPD Budget office prepares form HUD-185 to reassign funds to the affected field offices.
- DAS for Grant Programs sends memo and processed form HUD-185 to the affected field offices.

The field office that oversees the new PJ (after receiving the memo):

- Prepares form HUD-718 to reserve the de-reserved funds from the state.
- Prepares form HUD-40093 for the new PJ.
- Sends the forms to the CFO Accounting Center in Fort Worth for processing and to Evelyn Rumph in OAHP via fax (202) 708-1744

or pouch mail, room 7168.

2. City/urban county declining funds:

a. City/urban county is overseen by same field office as the state:

The field office:

- Prepares two forms HUD-718: one for de-reserving funds from the city/urban county's funds and one for reserving funds for the state.
- Prepares form HUD-40093 for the state.
- Sends the above forms to the CFO Accounting Center in Fort Worth for processing and to Evelyn Rumph in OAHP via fax (202) 708-1744 or pouch mail, room 7168.

b. City/urban county is overseen by a different field office than the state:

The field office that oversees city/urban county:

- Prepares form HUD-718 to de-reserve funds from city/urban county's HOME allocation.
- Sends form HUD-718 to the CFO Accounting Center in Fort Worth for processing and to Evelyn Rumph in OAHP via fax (202) 708-1744 or pouch mail, room 7168.

Headquarters:

- OAHP prepares memo from the DAS for Grant Programs to the CPD Directors in the affected field offices stating the fiscal year of the declined funds, previous allocation, amount of declined funds, and revised allocation. The memo further instructs staff in the affected field offices which forms to prepare and where to send them.
- CPD Budget office prepares two forms HUD-185: one to reassign funds from the state's field office and one to the city/urban county's field office.
- DAS for Grant Programs sends memo and processed form HUD-185 to the affected field offices.

The field office that oversees the state (after receiving the memo):

- Prepares form HUD-718 to reserve the de-reserved funds from the city/urban county.
- Prepares form HUD-40093 for the state.
- Sends the forms to the CFO Accounting Center in Fort Worth for processing and to Evelyn Rumph in OAHP via fax (202) 708-1744 or pouch mail, room 7168.

Contact CPD's Budget Division at 202-708-2182 with questions about completing the Funds Reservation and Contract Authority form HUD-718. See the instructions at attachment 1 for completing the Funding Approval and HOME Investment Partnerships Agreement form HUD-40093.

VI. Reallocations

The procedures for reallocations of funds in the HOME Program are described in 24 CFR Part 92, Subpart J. Reallocations are either by formula or competitive.

A. Reallocations By Formula

Funds that are deobligated due to failure of a PJ to meet HOME's commitment deadlines or expenditure deadline requirements or other program requirements are added to funds appropriated and distributed by formula. For more information about the deobligation process, see Notice CPD 01-13, or its replacement, on Commitment, CHDO Reservation, and Expenditure Deadline Requirements for the HOME Program.

B. Competitive Reallocations

HUD will reallocate, under section 92.452, any HOME funds reduced or recaptured by HUD from a PJ's HOME Investment Trust Fund under section 92.300(d) for failure to reserve at least 15 percent of its HOME allocation to projects that are developed, sponsored or owned by community housing development organizations (CHDOs); and will reallocate these funds by competition in accordance with the criteria in section 92.453 to other PJs for affordable housing developed, sponsored, or owned by CHDOs. However, since FY 2002, HOME appropriation funds became available for three years as opposed to earlier appropriations, which were available until expended. Since the amount of funds available to reallocate under Section 92.452 is not sufficient in any three-year period, HUD does not contemplate holding another CHDO competition in the near future.

VII. Congressional Notifications Requests

Field offices *must* request a congressional release date prior to forwarding the HUD-executed

form HUD-40093 (Attachment 1) to HOME PJs. Field offices should submit the congressional notification requests to Headquarters for processing via the automated Grants Management Process (GMP) Congressional Release Module. OFM processes the release requests through the Assistant Secretary for CPD and the Assistant Secretary for Congressional and Intergovernmental Relations (CIR). CIR works with Public Affairs and the Office of the Secretary to determine a release strategy, to ensure notification of the appropriate congressional members, and to assign the congressional release date.

CIR provides congressional release dates via the GMP Reports Module, which allows CPD field and headquarters offices to receive timely notifications via each release request.

Field offices may direct questions regarding the status of a congressional release date request to their desk officer in OFM.

VIII. Obligation of Funds

Obligation of funds in the HOME Program occurs when the field office, after review and approval of the consolidated plan in accordance with 24 CFR part 91, executes a HUD-40093 (Attachment 1) for the PJ and notifies the PJ of the approval in accordance with HUD's congressional notification procedures (see Section VII).

NOTE: The date of obligation is always the congressional release date. The congressional release date must also be the date of the transmittal letter notifying the jurisdiction of the award.

After approval of the award and notification of the PJ, the field office must provide the CFO Accounting Center a copy of the HUD-executed form HUD-40093 and a copy of the transmittal letter notifying the PJ of the award. The obligation is recorded by the CFO Accounting Center based on the congressional release date shown in item 10 on the HUD-executed form HUD-40093. The start date for determining whether the PJ has met its commitment, reservation, and expenditure requirements is the last day of the month in which funds are obligated. (See 24 CFR 92.500(d)).

IX. Access to Grant Funds

After the form HUD-40093 is executed by the PJ, the field office will send it to the CFO Accounting Center. Upon receipt of the form HUD-40093 signed by the PJ, the contract amount is recorded in the Program Accounting System (PAS), which transfers the contract amount to the Line of Credit Control System (LOCCS) for the PJ.

Jurisdictions that previously have not received HOME funds must also submit a Direct Deposit Sign-up Form, SF-1199A (Attachment 3), and an Integrated Disbursement and Information System (IDIS) Access Request Form (Attachment 4).

The CPD/IDIS System Administrator located at HUD Headquarters grants the PJ's initial access to IDIS. The PJ must identify an IDIS Local System Administrator who is responsible for controlling and restricting access to IDIS within its area. The IDIS Local System Administrator completes the IDIS Access Request Form and submits it to the field office. The field office reviews, signs, and sends it via pouch mail or fax to Romona Poole, the CPD/IDIS System Administrator, who issues a User ID. The address is: 451 7th Street, SW, Room 7226, Washington, DC 20410; the fax numbers are: (202) 708-4275, (202) 708-3363, and (202) 619-5380.

X. Instructions for Numbering HOME Investment Partnerships Agreement

All HOME Investment Partnerships Agreements are numbered in accordance with the procedures below. The number, with the exception of the fiscal year, remains the same for the jurisdiction (or entity) each year.

1. Initial Letter Identification

M - HOME Investment Partnerships Program

2. Fiscal Year Identification

The last two-digits of the fiscal year of the appropriated funds.

3. Identification of HOME Investment Type

- Formula allocations and competitive reallocations to PJs

MC - Direct Formula Metropolitan City

UC - Direct Formula Urban County

DC - Direct Formula Consortium

SG - State

ST - Direct Formula Insular Area

- Competitive reallocations to other participating entities

CH - Community Housing Development Organization (CHDO)

HG - City/County Participants

4. State Code

Federal standard two-digit numeric code for the state in which the jurisdiction is located.

5. Serial Number

The four-digit serial numbers are assigned as follows:

- The number 0100 always will be the serial number assigned by HUD to the state HOME Investment Partnerships agreement. The state is responsible for assigning serial numbers using this numbering system to its state recipients. States will sequentially assign a HOME Investment Partnerships number to their recipients beginning with 0101 but not to exceed 0199, unless additional numbers are made available by Headquarters. The serial number assigned to a state recipient by the state will remain the same for all years. The fiscal year identifier will separately identify individual awards made for each fiscal year source of funds.
- Headquarters will assign the numbers 0200-0499 to local participating jurisdictions. The serial number assigned to them will remain the same for all years. The fiscal year identifier will separately identify individual awards made for each fiscal year source of funds.
- For states that are covered by two field offices, one field office will be assigned numbers from 0200-0499 and the other will be assigned numbers from 0500-0999.
- Consortia participants should be assigned only a single serial number regardless of the number of units of local government in the consortium.
- Field Offices are responsible for assigning serial numbers to CHDOs receiving CHDO set-aside funds by adding a dash followed by a two-digit extension to the PJ's HOME Investment Partnerships number starting with "01" and numbering consecutively thereafter for each subsequent CHDO identified by the PJ. For example, a PJ that is a city in the state of Illinois for fiscal year 2005 could have a serial number of M05-MC170209 and its first CHDO reservation number of M05-MC170209-01.

The Systems Development and Evaluation Division (SDED) assigns grant numbers for HOME local PJs and consortia in Headquarters.

XI. Instructions for Establishing PJs, CHDOs, State Recipients, and Other Entities in IDIS

Headquarters will establish new PJs in IDIS. Instructions are included in Chapter 15, HUD Grantee Local Administrator, Field Office and HQ Options, of the IDIS Reference Manual, located at

<http://www.hud.gov/offices/cpd/systems/idis/library/refmanual/index.cfm>. The field office should send an e-mail to Russell Ficken or to Tim McCrosson in Headquarters, CPD, SDED for new PJs that are to be HUD grantees. The field office IDIS system administrator can enter the new community into IDIS for new cities/counties that will be subrecipients of a HUD grantee as long as the field office knows the correct UOG code for the community; and should follow procedures in Section 15.3 Maintaining Grants, of the IDIS Reference Manual.

XII. Instructions for Recording Local Funds in IDIS

If the new PJ's allocation is less than \$750,000 (or \$500,000 in fiscal years in which Congress appropriates less than \$1.5 billion) and all or part of the difference between the unit of local government's formula allocation and the minimum participation threshold was made available from its own resources, these funds must be deposited in the PJ's local account and correctly receipted in IDIS.

For example, a unit of local government receives a formula allocation of \$650,000. The state provides \$60,000 of its HOME allocation to the local government to increase its HOME funds to \$710,000, and the local government provides the balance of \$40,000 needed to meet the minimum participation threshold amount of \$750,000. The local government's cash contribution of \$40,000 is not included in the IDIS fiscal year authorization amount. Local funds not receipted in IDIS as program income will not be credited towards fulfilling the commitment and expenditure requirements. Instructions for recording local funds in IDIS are found in Chapter 13 of the IDIS Reference Manual, located at <http://www.hud.gov/offices/cpd/systems/idis/library/refmanual/index.cfm>.

ATTACHMENTS:

1. Funding Approval and HOME Investment Partnerships Agreement (form HUD-40093)
2. Funds Reservation and Contract Authority (form HUD-718)
3. Direct Deposit Sign-Up Form (form SF-1199A)
4. IDIS Access Request Form