

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

Special Attention of:

Notice: CPD 00-4

All Secretary's Representatives
All State/Area Coordinators
All CPD Division Directors

Issued: May 25, 2000
Expires May 25, 2001

Cross Reference: 24 CFR Parts 91 and 92

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

I. Purpose

The purpose of this notice is to describe the process for designating new participating jurisdictions; reserving, obligating, and deobligating HOME Program funds; reallocating funds; and to provide instructions for using Attachment A of the HOME Investment Partnership Agreements and for numbering form HUD-40093. This notice supersedes Notices CPD 00-04, 93-22 and any other policy guidance or directive relating to the reservation and obligation of HOME Program funds and numbering HOME Investment Partnership Agreements.

II. Background

The HOME Program is authorized by the HOME Investment Partnerships Act which is 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.

CGHF: Distribution: W-3-1, Special

III. Allocation Threshold and Participation Threshold

In order to receive an allocation of HOME funds, a metropolitan city, urban county, or consortium must receive a minimum allocation. In years in which the HOME appropriation is \$1.5 billion or more, the minimum allocation required for new participating jurisdictions is \$500,000. In years in which the HOME appropriation is less than \$1.5 billion, the minimum allocation required for new participating jurisdictions is \$335,000.

In addition, when a proposed new participating 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 PHA and has demonstrated a capacity to carry out the provisions of this part, 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 92.102)

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

IV. Designation of New Participating Jurisdictions (PJs)

Upon receipt of the form HUD-185 (Field Office Assignment of Funds) and list of participating jurisdictions as described in Paragraph V below, Field Offices must identify any jurisdiction that is eligible to receive a HOME Program allocation for the first time and provide the jurisdiction(s) with notification of its formula allocation amount. The notification must include instructions to advise the jurisdiction of the procedures for designation as a HOME Program participating jurisdiction (see 92.103 through 92.105). The notification should advise the jurisdiction that it must:

o 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.**

- If the jurisdiction's allocation is less than \$750,000, (or \$500,000 in years in which Congress appropriates less than \$1.5 billion for the program), in order to be designated a HOME PJ, the jurisdiction must include with its notification one or more of the following as evidence that it has met the participation threshold:
 1. Authorization from the State to transfer a portion of its HOME allocation to the jurisdiction;
 2. A letter from the Governor or designee indicating that the required funds have been approved and budgeted for the jurisdiction; or
 3. A letter from the chief executive officer of the unit of local government indicating that the required funds have been approved and budgeted.
- Submit a consolidated plan as required in section 92.104 within 90 days after providing notification to HUD of its intent to become a participating jurisdiction. **NOTE: THIS IS A STATUTORY DEADLINE.**

When the jurisdiction has complied with the requirements of section 92.102 through 92.104 described above, the jurisdiction will be designated as a participating jurisdiction upon approval of the jurisdiction's consolidated plan (see 24 CFR Part 91) by the Field Office. Once a State or unit of local government is designated a participating jurisdiction, it remains a participating jurisdiction for subsequent fiscal years and the requirements of section 92.102 through 92.105 do not apply unless HUD revokes the designation in accordance with section 92.107.

NOTE: For jurisdictions that receive an allocation for the first time, Headquarters will ask Field Offices to assign a grant number prior to assigning funds to the Field Offices. (See Paragraphs V, X and XI below for any new jurisdiction that submits a notice of intent to participate in the HOME Program.) In assigning HOME Investment Partnership numbers to new jurisdictions, Field Offices should be sure that the number has not been used for another jurisdiction. In addition, Field Offices should be sure that, with the exception of the fiscal year, an already approved participating jurisdiction's HOME Investment Partnership number remains the same for subsequent years.

Any new consortium (including one that includes a city or an urban county that was a participating jurisdiction the previous fiscal year) must submit a notice of intent and must meet the \$750,000 or \$500,000 participation threshold, as applicable.

V. Assignment and Reservation of Funds

A. Basic Procedure. The CPD Headquarters Budget Office assigns HOME Program funds to the Field Offices by entering the funds in the HUDCAPS accounting system. Once entered, a file will be distributed to the Headquarters Accounting Office. This file will be interfaced with the Program Accounting System (PAS) so that all funds allocated to each jurisdiction will be automatically reserved to each specific jurisdiction.

A cover memo, along with summary totals of funds assigned to each Field Office, will then be sent to each Field Office informing them that funds have been assigned and reserved in the accounting system. Copies of detailed reports listing each participating jurisdiction will be sent via email to each Field Office. At this point, Field Office staff are able to obligate funds following the procedures outlined in Paragraph VIII.

As with formula allocations to participating jurisdictions, the reservation of funds to insular areas will be made in the same manner.

B. Handling Special Situations. Two situations require adjustments to the initial allocations: 1) jurisdictions that are becoming new PJs for the first time and are receiving transfers of HOME funds from the State to meet the minimum threshold amount (see Paragraph III) and 2) jurisdictions that decline their funds and the funds must be transferred to the State.

1. New Participating Jurisdictions:

a. State is overseen by same Field Office as New Participating Jurisdiction:

The Field Office:

- prepares 2 forms HUD-718 (Attachment 3): one for de-reserving funds from the State and one for reserving the funds for the new PJ
- prepares 2 forms HUD-40093 (Attachment 1): one for the State and one for the new PJ
- sends above forms to the CFO National Accounting Center in Fort Worth for processing
- prepares form HUD-40093A (Attachment 2) which describes the relationship between the two entities and sends it, along with copies of the above forms to Headquarters, Office of Affordable Housing Programs (OAHP).

b. State is overseen by different Field Office than New Participating Jurisdiction:

The Field Office that oversees State:

- o prepares form HUD-718 to de-reserve funds from State's HOME allocation
- o prepares form HUD-40093 for the State
- o sends both forms to the CFO Accounting Office for processing.

- o prepares form HUD-40093A which describes the relationship between the Field Offices involved along with copies of the above forms to Headquarters/OAHP.

Headquarters:

- o OAHP prepares memo from the Deputy Assistant Secretary (DAS) for Grant Programs to the CPD Directors in the affected Field Offices.
- o CPD Budget office prepares the forms HUD-185 to reassign funds to the affected Field Offices.
- o DAS for Grant Programs sends letter and processed forms HUD-185s to the affected Field Offices.

After receiving the letter, the Field Office overseeing new PJ:

- o prepares a form HUD-718 to reserve the de-reserved funds from the State
- o prepares a form HUD-40093 for the new PJ
- o sends the forms to the CFO Accounting Center for processing.
- o sends form HUD-40093A with copies of the above forms to OAHP.

2. City/Urban County Declining Funds:

a. City/Urban County is overseen by same Field Office as State:

The Field Office:

- o prepares 2 forms HUD-718: one for de-reserving funds from the City/Urban County's funds and one for reserving the funds for the State
- o prepares a form HUD-40093 for the State
- o sends the above forms to the CFO Accounting Center for processing
- o prepares form HUD-40093A, which describes the relationship between the two entities, along with copies of the above forms to Headquarters/OAHP.

b. If City/Urban County is overseen by a different Field Office than the State:

The Field Office that oversees City/Urban County:

- o prepares form HUD-718 to de-reserve funds from City/Urban/County's HOME allocation
- o sends form to the CFO Accounting Office for processing.
- o prepares form HUD-40093A which describes the relationship between the Field Offices involved to along with a copy of the form HUD-718 to Headquarters/OAHP.

Headquarters:

- o OAHP prepares memo from the Deputy Assistant Secretary (DAS) for Grant Programs to the CPD Directors in the affected Field Offices.
- o CPD Budget office prepares the forms HUD-185 to reassign funds from and to the affected Field Offices.
- o DAS for Grant Programs sends letter and processed HUD-185s to the affected Field Offices.

After receiving the letter, the Field Office overseeing the State:

- o prepares a form HUD-718 to reserve the de-reserved funds from the City/Urban County
- o prepares a form HUD-40093 for the State
- o sends the forms to the CFO Accounting Center for processing.
- o sends form HUD-40093A with copies of the above forms to OAHP.

Note 1 - Filling out form HUD-718

Contact Doug Angradi in CPD's Budget Office at 202-708-2182 x4433 if you have questions about filling out the HUD-718.

Note 2 - Filling in lines 8, 9 and 10 of form HUD-40093:

If the State has not recorded its initial allocation on form HUD-40093 with the CFO National Accounting Center for the fiscal year for which it is transferring funds *to* a new jurisdiction or receiving funds from a declining jurisdiction, enter 0 on line 8, and enter the initial allocation *minus* the transfer or *plus* the declined jurisdictions funds on lines 9 and 10.

If the State has already recorded its current year obligation on form HUD-40093 with the CFO National Accounting Center, enter the initial allocation on line 8, enter the amount of transferred or declined funds on line 9 and the *net* or *sum* of lines 8 and 9 on line 10.

For the City/Urban County receiving transferred funds, enter the amount of the initial allocation on line 8, the amount transferred from the State on line 9 and the sum of lines 8 and 9 on line 10.

Note 3 - Sending forms HUD-40093A to OAHF:

Send forms to Headquarters/OAHP, Attn: Alice Gregal, Director, Financial and Information Services Division, Room 7164.

VI. Reallocations

The procedures for reallocations of funds in the HOME Program are described in Section 92.450 of the program regulations. Reallocations are either noncompetitive or competitive.

A. Noncompetitive Reallocations

Procedures for non-competitive reallocations that are due to 1) a transfer of HOME funds from the State to a new jurisdiction to meet the minimum participation threshold amount; or 2) a transfer of funds to the State from a City/Urban County who is declining are discussed in Paragraph V.

Funds that are deobligated due to failure of a jurisdiction to meet commitment or disbursement deadlines, or other program requirements, are added to funds appropriated and distributed by formula. Instructions for obligation of these funds will be provided each year as such funds are included with the formula allocations.

B. Competitive Reallocations

If the funds to be reallocated are from a State that is not designated a participating jurisdiction, its allocation will be reallocated through a competitive process to localities within the State with preference being given to localities that are not participating jurisdictions. If the funds to be reallocated are from a local jurisdiction and the local jurisdiction is located in a State that is not a PJ, the funds will be reallocated by competition to units of local government and community housing development organizations (CHDOs) within the State with priority going to applications for affordable housing within the unit of general local government. In such a competition, it is possible that funds may be allocated to other than a unit of local government.

Funds set aside for CHDOs that are deobligated from participating jurisdictions for failure to meet the commitment deadline (see 92.500(d)) will be reallocated through competition to other participating jurisdictions for affordable housing developed, owned, or sponsored by community housing development organizations.

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 send Congressional notification requests to "CPD Notification" in Lotus Notes with a copy to the appropriate Office of Field Management Desk Officer. Requests should be made using the HUD Notification form (Congressional release template) (Attachment 4). *Note: Return receipt should be used to verify receipt of Congressional notification requests.*

The Office of Field Management (OFM) will process the requests through the Assistant Secretary for CPD and the Assistant Secretary for Congressional and Intergovernmental Relations (CIR). CIR will work with Public Affairs and the Office of the Secretary to determine a release strategy and to assign the Congressional release date.

CIR will notify the appropriate Member of Congress, OFM and the Field Office of the Congressional release date.

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 participating jurisdiction and notifies the participating jurisdiction of the approval in accordance with the Department's Congressional notification procedures (See Paragraph 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 and the date the CPD Director signs the form HUD-40093.

After approval of the award and notification of the participating jurisdiction, the Field Office must provide the CFO National Accounting Center a copy of the HUD-executed form HUD-40093 and a copy of the transmittal letter notifying the participating jurisdiction or other entity of the award. The obligation is recorded by the CFO National Accounting Center based on the Congressional release date shown in the HUD-executed form HUD-40093. The date for determining whether the PJ has met its commitment and expenditure requirements is two years from 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 participating jurisdiction, the Field Office must provide the CFO National Accounting Center with a copy. Upon receipt of the form HUD-40093 signed by the PJ, the CFO National Accounting Center records the contract amount in the Program Accounting System (PAS) which transfers the contract amount to the Line of Credit Control System (LOCCS) for the grantee.

Jurisdictions that previously have not received HOME funds must also submit a Direct Deposit Sign-up Form , SF- 1199A (Attachment 5) and an IDIS (Integrated Disbursement and Information System) Access Request Form (Attachment 6).

The initial access to IDIS is granted by the CPD/IDIS System Administrator located at HUD Headquarters. The grantee 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 and signs it and sends it (via US Mail or FAX) to the CPD/IDIS System Administrator who issues the User ID.

X. Instructions for Numbering HOME Investment Partnership Agreements

All HOME Investment Partnership 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

- o Formula Allocations and Competitive Reallocations to Participating Jurisdictions

MC -Direct Formula Metropolitan City

UC -Direct Formula Urban County

DC -Direct Formula Consortium

SG - State

ST - Direct Formula Insular Area

- o Competitive Reallocations to other Participating Entities

- CH - Community Housing Development Organization
 - 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:

- o The number 0100 always will be the serial number assigned by HUD to the State HOME Investment Partnership agreement. The State is responsible for assigning serial numbers using this numbering system to its State recipients. States will sequentially assign a HOME Investment Partnership 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.
- o The numbers 0200-0499 will be used by the Field Office for sequential assignment to direct formula recipients and to recipients receiving competitive reallocations (local jurisdictions and Community Housing Development Organizations). The serial number assigned to a direct formula recipient will remain the same for all years. The fiscal year identifier will separately identify individual awards made for each fiscal year source of funds.
- o For States that are covered by two Field Offices, one Field Office will use the numbers 0200-0499 and the other will use the numbers 0500-0999.
- o Consortia participants should be assigned only a single serial number regardless of the number of units of local government in the consortium.
- o When funds are automatically reallocated to a participating jurisdiction or if a participating jurisdiction receives a competitive reallocation, the serial number previously assigned to the participating jurisdiction will remain the same. Separate instructions will be provided with the reallocations as to what fiscal year identifier to use.

- o Participating jurisdictions are responsible for assigning serial numbers to Community Housing Development Organizations (CHDOs) receiving CHDO set aside funds by adding a dash followed by a two-digit extension to the participating jurisdiction's HOME Investment Partnership number starting with "01" and numbering consecutively thereafter for each subsequent CHDO identified by the participating jurisdiction.

An example of using the above described numbering system is shown below:

- o A participating jurisdiction that is a city in the State of Illinois for fiscal year 2000.

M00-MC170209

- o The first Community Housing Development Organization reservation for the above participating jurisdiction.

M00-MC170209-01

XI. Entering Grant Numbers into IDIS

Instructions for establishing new PJs, CHDOs, State Recipients, and Other Entities in IDIS are included in the CPD-IDIS User Manual, Chapter 11, IDIS Utilities. Headquarters or Field Offices will establish a new PJ in IDIS using the IDIS Utilities screen (CO4MU06) "Grantee Inquire/Update/Add." Field Offices will enter the grant number for new PJs into IDIS by using the CO4MU07 Screen. Grant numbers assigned by PJs to new CHDOs must be entered by the Field Office into IDIS (using these two screens) so that PJs may reserve CHDO set-aside funds to them. If a PJ wishes to use the subgranting feature in IDIS, it also must number its new Other Entities and/or State Recipients. These numbers must be entered by the Field Office into IDIS. (Grant numbers for CHDOs, Other Entities and State Recipients existing at the time of conversion from the HOME C/MIS to IDIS are carried over into IDIS. Only numbers for new entities need to be assigned by PJs and entered into IDIS by Field Offices.)

ATTACHMENTS:

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