

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

Special Attention of:

Notice: CPD 97-7

All Secretary's Representatives  
All State Coordinators  
All CPD Division Directors  
All HOME Participating Jurisdictions  
CFR Part 92

Issued: May 19, 1997  
Expires: May 19, 1998

Cross Reference: 24

Subject: Commitment and Expenditure Deadline Requirements for the  
HOME Program

I. PURPOSE

The purpose of this notice is to provide procedures for determining whether participating jurisdictions (PJs) have met the requirements for committing and expending funds in accordance with the requirements of 24 CFR 92.500(d) of the HOME Program regulation. This notice updates the procedures in [CPD Notice 95-04](#) .

II. BACKGROUND

The HOME Program statute provides that HOME funds are available to participating jurisdictions (PJs) for commitment to affordable housing for a period of 24 months and that at least 15 percent of each PJ's allocation must be reserved for investment in housing to be developed, sponsored, or owned by community housing development organizations (CHDOs). These provisions are implemented by regulation at [24 CFR 92.500\(d\)](#).

The definition of commitment includes (1) funds that have been committed to a specific project pursuant to a legally binding agreement and the project has been set up in the HOME Cash and Management Information System (C/MIS) or the Integrated Disbursement and Information System (IDIS), and (2) funds for which the PJ has entered into a legally binding agreement with a State recipient, a subrecipient, or a contractor to produce affordable housing or provide tenant-based rental assistance, or has entered into a written agreement reserving a specific amount of funds to a CHDO (see [24 CFR 92.2](#)).

Further, HOME Program funds are available to PJs for expenditure for affordable housing activities for a period of five years. The HOME Program regulation at 24 CFR 92.500(d) provides that HUD will reduce or recapture HOME funds in the PJ's U.S. Treasury account that are not expended within the five year period. (See paragraph V below).

CGHF: Distribution: W-3-1

### III. DETERMINING AMOUNTS COMMITTED

#### A. Determining Total Commitments for PJs in the HOME C/MIS

For purposes of determining whether a PJ that has not been converted to the Integrated Disbursement and Information System (IDIS) has met the requirement for committing Fiscal Year 1995 funds by its deadline, HUD Field Offices must determine whether the sum of commitments, including the sum of commitments to CHDOS, reported in the HOME C/MIS from fiscal years 1995, 1996, and/or 1997 is equal to or greater than the amount of the PJ's FY 1995 allocation. HUD considers subsequent year commitments because it would be unfair to a PJ which because of cancellation of a 1995 funded project, FY 1995 funds remain uncommitted and subject to deobligation when, in fact, the PJ has already committed subsequent years' funds. However, only FY 1995 funds (and not subsequent years' funds) reserved for CHDO operating expenses and program administration may count toward the commitment requirement for FY 1995 HOME funds.

Field Staff may monitor total commitments by reviewing the monthly PJ Commitment Progress Report distributed by the Office of Affordable Housing Programs. The report ranks PJs by the total of funds committed in relation to its Fiscal Year 1995 HOME Program allocation. For PJs with less than 100 percent commitment rates, Field Staff may use the C/MIS Status of Funds Report (C47CAA) to determine the sum of the PJs cumulative commitments. This report shows funds committed to specific local projects by fiscal year source of funds. It also shows whether the PJ has reserved funds for CHDOS, State recipients, and/or other entities. FY 1995 and later year funds that are reserved for any of these entities are also considered committed and are added-'to the amount of FY 1995 and later year funds committed by the PJ to specific projects. However, if any of these funds reserved to other entities are also committed to specific projects, the amount of these commitments must be subtracted to avoid double-counting. If Field Offices need assistance in accessing the C47CAA reports, please call Charlene Williams in the Financial and Information Systems Division at (202) 708-3226, extension 4581.

#### B. Determining CHDO Commitments for PJs in the HOME C/MIS

After reviewing the status of total commitments, Field Offices must review the status of funds reserved for CHDOs. At least 15% of each year's allocation must be reserved for CHDOS. FY 1995 and later year funds that are reserved to CHDOs are considered to be committed. If a PJ has reserved any funds for CHDO capacity building during the first 24 months after its designation as a PJ, these funds will be considered committed and will count toward meeting the CHDO requirement. Thus, funds (up to the limit allowed) that were reserved for CHDO capacity building as of the 24-month deadline will not be deobligated and will remain available for CHDO capacity building. After the 24-month deadline, the PJ may not reserve any additional funds for CHDO capacity building.

If the report shows that an amount less than 100 percent of a PJ's FY 1995 HOME funds has been committed and/or less than 15 percent has been reserved for CHDOS, the Field Office is to notify the PJ and provide it an opportunity to report commitments which are not shown in the HOME C/MIS. If the PJ chooses to provide additional information, please note that the PJ must provide information on all FY 1995 and later year commitments (if applicable and/or needed to achieve commitment requirements), and not just the balance uncommitted in the HOME C/MIS, since commitments to specific projects in the C/MIS may also be included in legally binding agreements with State recipients or subrecipients and therefore would be double counted.

Note: Field Offices may use the forms provided as Enclosures 1 and 2 to this Notice, but are not required to, in determining whether PJs met the commitment requirement.

#### C. Determining Commitments for PJs Converted to IDIS

Headquarters will provide Field Offices with a report on the status of commitments for PJs which have been converted to the IDIS. The report will provide historical data on commitments through the time of conversion. If the report indicates that an amount less than 100 percent of a PJ's FY 1995 HOME funds had been committed and/or less than 15 percent had been reserved for CHDOS, the Field Office is to notify the PJ and provide it an opportunity to report commitments which are not shown on the report. If the PJ chooses to provide additional information, please note that the PJ must provide information on all FY 1995 and later year commitments (if applicable and/or needed to achieve requirements), and not just the balance uncommitted in the HOME C/MIS at the time of conversion.

Note: Field Offices may use the forms provided as Enclosures 1 and 2 to this Notice, but are not required to, in determining whether PJs met the commitment requirement.

#### IV. DEOBLIGATION PROCESS

If it has been determined that funds must be deobligated, the CPD Division Director should notify (by cc:mail or memorandum), the Office of Affordable Housing Programs, Attention: Charlene Williams, of the proposed deobligation. Then the CPD Division in the Field Office will prepare a Funding Approval and HOME Investment Partnership Agreement (HUD-40093), as indicated below, to deobligate any funds that were not committed by the deadline. This action should be completed no later than 90 days after the PJ's commitment deadline. The funds deobligated must be rounded down to the nearest \$1000 (e.g., rather than deobligating \$59,629.72, the amount to be deobligated must be just \$59,000). The HUD-40093 should be completed as follows:

Item 8 - Previous Obligation: Enter the amount of FY 1995 HOME funds awarded previously (from the original HUD-40093 for the FY 1995 funds).

8.a - Regular Funds: Repeat the amount entered in item 8. (All funds obligated previously were regular funds.)

8.b - CHDO Reallocation: Leave blank. (None of the previous obligation was from CHDO reallocation funds.)

Item 9 - Current Transaction: Enter the total amount of funds being deobligated by this action. (Either put a minus sign before the amount or parentheses around the amount to indicate the funds are being deobligated.)

9.a - Regular Funds: Repeat the amount entered in item 9. (Since the PJ has only received regular funds, all deobligated amounts should be reported as regular funds. Again, use minus sign or parentheses.)

9.b - CHDO Reallocation: Leave Blank. (The amount of funds deobligated because the PJ has not met the requirement for CHDOs is to be reported in item 11.)

Item 10 - Revised Obligation: Subtract the amount entered in item 9 from item 8 and enter here.

10.a - Repeat the amount entered in item 10. 10.b - Leave blank.

Item 11 - Special Conditions: If any of the funds are being deobligated because the PJ had not reserved at least 15 percent of its allocation for CHDOs as required by 24 CFR [92.300](#) and 24 CFR 92.500(d), check box b and indicate in the space in block 11 the amount of funds that are being deobligated because they were not reserved for CHDOs or attach a separate page with this information. (It is important that we keep separate the regular HOME funds being deobligated from the funds that have been deobligated because the PJ had not satisfied the requirement for CHDOs because the reallocation process is different.)

For the purpose of deobligating HOME funds, four copies of the HUD-40093 should be prepared and signed as originals. After the CPD Division Director signs the Agreement (four copies), one copy should be provided to the Field Accounting Division (FAD) for recording the deobligation in the Program Accounting System (PAS). One copy should be sent to the PJ; one copy should be sent to the Office of Affordable Housing Programs, ATTN: Charlene Williams, Room 7168; and finally, one copy should be kept in the Field Office grantee files.

Upon receipt of the HUD-executed HUD-40093, FAD will deobligate the funds and will return the funds automatically to HUD Headquarters for reallocation according to Subpart J of the HOME regulations.

V. DETERMINING AMOUNTS EXPENDED AND REDUCTION OF GRANT

In accordance with 24 CFR 92.500(d), HUD will reduce or recapture HOME funds in the HOME Investment Trust Fund by the amount of any funds in the United States Treasury account that are not expended within five years after the last day of the month in which HUD notifies the PJ of HUD's execution of the HOME Investment Trust Agreement. In determining whether PJs have met the expenditure deadline, HUD considers subsequent year expenditures for the same reasons subsequent year commitments are considered for determining whether the PJ met the commitment requirements (See paragraph III above). For determining whether PJs have met the expenditure deadline for Fiscal Year 1992 funds, HUD will consider the sum of expenditures from Fiscal Year 1992 through 1997 allocations.

For any PJ not meeting the expenditure deadline, HUD will offset the PJ's subsequent HOME allocation by reducing the grant in an amount equal to the amount of funds that was not expended by the PJ. After determining the initial allocation for all PJs, the offset funds will be added to the funds available for allocation and redistributed to all PJs except those whose allocations are being reduced.

Within 30 days of the PJs expenditure deadline, Field Offices should notify PJs identified on the monthly HOME C/M1 Expenditure Deadline report that it did not meet its expenditure deadline in accordance with 24 CFR 92.500(d). The PJ should also be notified of the amount which will be deducted from its Fiscal Year 1998 or subsequent year HOME Program allocation. Copies of the notification should be provided to the Office of Affordable Housing Programs, Attention: Charlene Williams.

NOTE: In accordance with 24 CFR 92.508(c) HOME participating jurisdictions must retain records pertaining to each fiscal year of HOME funds for the most recent five year period. HUD Field Staff must retain records in each PJ's program file to document each PJ's compliance with the 24-month commitment and 5-year expenditure deadline, including actions taken by HUD to deobligate and/or recapture HOME Program funds.

FY 1995 HOME Funds

To Determine CHDO Requirement:

1. Amount that must be reserved for CHDOs to avoid deobligation (15% of Allocation shown on line 4) \$ \_\_\_\_\_  
(Enter also in Part A, line 1 of Enclosure 2)
2. Amount reserved for CHDOs in C/MIS (Including funds for CHDO capacity building) \$ \_\_\_\_\_
3. Amount subject to deobligation for failure to meet CHDO Requirement (Line 1 minus line 2; however, if line 2 is equal to or greater than line 1, enter 0) \$ \_\_\_\_\_

To Determine Total Commitment Requirement:

4. Allocation amount \$ \_\_\_\_\_
5. Minus funds reserved for program administration \$ \_\_\_\_\_
6. Minus funds reserved for CHDO operating expenses \$ \_\_\_\_\_
7. Amount that must be committed to avoid deobligation (Line 4 minus lines 5 and 6) \$ \_\_\_\_\_  
(Enter also in Part B, line 1 of Enclosure 2)
8. Amount of commitments in C/MIS (Includes funds reserved for CHDOS, State Recipients and other entities and funds committed to specific local projects. Note: If funds reserved for CHDOS, State recipients and/or other entities are also committed to specific projects, the amount of these commitments must be subtracted to avoid double-counting when adding the funds reserved to the funds committed to specific local projects for the PJ's overall program.) \$ \_\_\_\_\_
9. Amount subject to deobligation for failure to meet total commitment requirement (Line 7 minus line 8; however, if line 8 is equal to or greater than line 7, enter 0) \$ \_\_\_\_\_

Enclosure 2

Summary of FY 1995 HOME Funds  
Report of HOME Funds Under Binding Commitment  
Participating Jurisdiction \_\_\_\_\_  
Deadline for Committing Funds \_\_\_\_\_  
FY 1995 Allocation \_\_\_\_\_

Amount of HOME Funds Committed

Part A - CHDO Commitment Requirement

1. FY 1995 CHDO reservation requirement (From line 1 of Enclosure 1) \$ \_\_\_\_\_
2. Total of HO@ funds reserved for CHDOs \$ \_\_\_\_\_
3. Balance to be deobligated (Line A.1 minus line A.2; however, if line A.2 is equal to or greater than line A.1, enter 0) \$ \_\_\_\_\_

Part B - Total Commitment Requirement

1. FY 1995 commitment requirement (From Line 7 of Enclosure 1) \$ \_\_\_\_\_
2. Total of HOME funds committed by legally binding agreements \$ \_\_\_\_\_
3. Balance to be deobligated (Line B.1 minus line B.2; however, if line B.2 is equal to or greater than line B.1, enter 0) \$ \_\_\_\_\_

Certification by Participating Jurisdiction:

To the best of my knowledge, the information reported in Parts A and B above is accurate.

Authorized Official:

Title:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Part C - To be completed by HUD

1. To be deobligated and reallocated by competition for CHDOs (From line k3) \$\_\_\_\_\_
2. To be deobligated and reallocated by formula (Line B.3 minus line C.1) \$\_\_\_\_\_