

**HOME-American Rescue Program Webinar**  
**Session 4: Program Administration**  
**and Nonprofit Operating Expenses**

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**Today's Presentation**

- This is the fourth and final webinar in a four-part webinar series on the HOME-American Rescue Plan Program conducted by HUD's Office of Affordable Housing Programs (OAHP)
- Today's Presenters:
  - Josh Furman, Affordable Housing Specialist, OAHP Program Policy Division
  - Danielle Frazier, Director, OAHP Financial & Information Services Division
  - Peter Huber, OAHP Deputy Director

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**HOME-ARP Webinar Series**

- Session 1: HOME-ARP Overview, Qualifying Populations, and Allocation Plans (September 27<sup>th</sup>)
- Session 2: Preferences, Referral Methods, and Rental Housing (September 29<sup>th</sup>)
- Session 3: Tenant-Based Rental Assistance, Supportive Services, and Non-Congregate Shelter (October 4<sup>th</sup>)
- **Session 4: Program Administration, Administrative/Planning Funds, Nonprofit Operating Funding (October 6<sup>th</sup>)**

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**HOME-ARP Nonprofit Operating and Capacity Building Assistance**

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**Overview**

- PJs may use up to 5% of allocation to pay operating expenses of CHDOs and other nonprofit organizations carrying out HOME-ARP activities.
- PJs may *also* use up to an additional 5% of its allocation to pay eligible costs related to developing the capacity of eligible nonprofit organizations to successfully carry out HOME-ARP eligible activities.

*PJs may award operating expense assistance or capacity building assistance if it reasonably expects to provide HOME-ARP funds to the organization for HOME-ARP activities within 24 months of the award*



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**Operating Expense Assistance**

- Operating expense assistance is defined as reasonable and necessary costs of operating the nonprofit organizations.
- Eligible costs include:
  - Employee salaries, wages and other employee compensation and benefits
  - Employee education, training and travel
  - Rent
  - Utilities
  - Communication costs
  - Taxes
  - Insurance
  - Equipment, materials, and supplies



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**Operating Expense Assistance**

- Funds used for operating expenses must be used for "general operating costs" of the nonprofit organization
  - These costs must not have a particular final cost objective, such as a project or activity, or must not be directly assignable to a HOME-ARP activity or project
    - Example: HOME-ARP funds for operating expense may not be used for staffing costs to provide supportive services or develop HOME-ARP rental housing*

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**Capacity Building Assistance**

- Capacity building expenses are defined as reasonable and necessary general operating costs that will result in the expansion or improvement of an organizations ability to successfully carry out eligible HOME-ARP activities
- Eligible costs include:
  - Salaries for new hires including wages and other employee compensation and benefits
  - Employee training or other staff development that enhances an employee's skill set and expertise
  - Equipment (software) upgrades to materials, and supplies
  - Contracts for technical assistance or for consultants with expertise related to HOME-ARP qualifying populations

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**Limitations on Assistance**

- In any fiscal year, operating assistance provided to a nonprofit organization may not exceed the greater of 50% of the general operating expense of the organization for that fiscal year, or \$50,000
- In any fiscal year, capacity building assistance provided to a nonprofit organization may not exceed the greater of 50% of the general operating expense of the organization for that fiscal year, or \$50,000
- If an organization receives both types of assistance in fiscal year, the aggregate total amount it may receive is the greater of 50% of their operating expenses for that year or \$75,000

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**PJ Management and Oversight**

- A PJ must enter into a written agreement with the CHDO or nonprofit that describes the amount and uses of HOME-ARP funds used for operating expense assistance or capacity building
- The execution of this legally-binding agreement is considered the commitment of either operating expense assistance or capacity building
- HUD has established separate fund types in IDIS for operating expense assistance and capacity building assistance
  - For Operating Expense = CO
  - For Capacity Building = CB

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**HOME-ARP Administrative and Planning Funds**




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**Eligible Administrative and Planning Costs**

- PJ may expend up to 15 percent of its HOME-ARP allocation
  - 5% available after execution of grant agreement and before Allocation Plan approval
- Before HUD accepts PJ's HOME-ARP Allocation Plan, PJ is **only** permitted to incur and expend HOME-ARP funds on eligible administrative and planning costs
- HOME-ARP funds for administration and planning **may not** be used to pay costs attributable to the regular HOME Program
- Program income **may not** be used for HOME-ARP administration and planning costs

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**HOME-ARP Allocation Plan**

- HUD will make the remaining HOME-ARP grant funds available once HUD accepts the Allocation Plan
- If PJ does not submit a HOME-ARP Allocation Plan, or if PJ's Plan is not accepted within reasonable time period
  - All HOME-ARP administrative and planning costs incurred by PJ will be ineligible costs
  - Any HOME-ARP funds expended must be repaid to PJ's HOME-ARP Treasury account
- Allocation Plan must identify or include a description of responsibilities of subrecipients or contractors that are responsible for the PJ's entire HOME-ARP award, if applicable, to provide administrative and planning costs to a subrecipient or contractor before Allocation Plan approval

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**Reasonable Administrative and Planning Costs**

- Overall HOME-ARP program management, coordination, monitoring, and evaluation
- Staff and overhead costs
  - Directly related to carrying out a HOME-ARP project in accordance with [24 CFR 92.207\(b\)](#)
- Provision of information and other resources to residents and citizen organizations participating in planning, implementation, or assessment of projects being assisted with HOME-ARP funds
- Activities to affirmatively further fair housing (AFFH). Must be in accordance with:
  - 24 CFR §5.151
  - PJ's certification as required under this Notice and 24 CFR §5.152
  - AFFH definition in HUD's Interim Rule – "Restoring Affirmatively Furthering Fair Housing Definitions and Certifications, and the AFFH certification requirement at 24 CFR §5.152"

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**Reasonable Administrative and Planning Costs**

- Indirect costs may be charged under cost allocation plan prepared in accordance with [24 CFR part 200, subpart E](#), as amended
- Preparation HOME-ARP Allocation Plan as required in the Notice, including:
  - Costs of public hearing, consultations, and publications
- Costs of complying with the applicable Federal requirements in [24 CFR part 92, subpart H](#)
  - Project-specific environmental review costs may be charged as administrative or project costs in accordance with [24 CFR 92.206\(d\)\(8\)](#)
  - At the PJ's discretion

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**Administrative Funds to Subrecipients and Contractors**

- PJs may provide all or a portion HOME-ARP administrative funds to subrecipients and contractors administering activities on behalf of PJ
- From obligation of HOME-ARP grant and prior to HUD's acceptance of the Allocation Plan, a subrecipient or contractor may only incur and expend HOME-ARP funds for eligible costs IF:
  - Subrecipient or contractor administers PJ's entire HOME-ARP award
  - Executed written agreement that complies with 24 CFR 92.504 and Notice CPD-21-10
- PJ must identify subrecipient or contractor administering PJ's entire HOME-ARP award and describe responsibilities in HOME-ARP Allocation Plan



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**Cost Principles**

- All HOME-ARP administration and planning costs must comply with the Cost Principles contained in subpart E of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR part 200](#), as amended.



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**HOME-ARP Program Administration**

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**PJ Responsibilities**

PJ is responsible for:

- Managing the day-to-day operations of HOME-ARP program
- Ensure all HOME-ARP funds are used in accordance with all program requirements and written agreements
  - Take appropriate action when performance problems arise
- Use of State recipients, subrecipients, or contractors does not relieve PJ of this responsibility

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**Written Agreements**

- Required before PJ disburses HOME-ARP funds to any entity
  - Includes State recipient, subrecipient, or contractor administering all of part of the HOME-ARP program on behalf of PJ
- Must require compliance with [24 CFR 92.504](#) and requirements of [CPD Notice 21-10](#)
- Agreements cannot commit HOME-ARP funds after end of the HOME-ARP budget period
  - September 30, 2030
- Contents of written agreement depends on role of entity or type of project undertaken
- Provisions in [24 CFR 92.359](#) that reference requirements of [24 CFR 92.350](#), [92.351](#), and [92.359](#) are not waived and apply for all HOME-ARP written agreements

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**Grants Management**

- Grant Agreement
  - HUD obligated all HOME-ARP grants on September 20<sup>th</sup>
  - Funds made available to PJ upon execution by both parties and HUD CFO processing
    - 5% of grant for administration and planning
    - Remaining 95% of grant once Allocation Plan is accepted by HUD
- Grants expire September 30, 2030 (budget period)
  - May not expend any HOME-ARP after this date
  - Remaining funds will be recaptured by US Treasury
- Period of Performance ends on September 30, 2030
  - All HOME-ARP projects and activities must be completed
  - Reporting in IDIS may continue
- Audits of PJs, State recipients, and subrecipients must be conducted in accordance with [2 CFR part 200, subpart F](#)

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**Grants Management**

- Closeout
  - In accordance with [2 CFR part 200, subpart D](#)
  - All HOME-ARP funds must be expended or recaptured by US Treasury
  - All HOME-ARP activities must be completed in accordance [CPD Notice 21-10](#)
  - All beneficiary data must be entered
  - PJ may not have any open CPD monitoring findings or audits related to HOME-ARP
  - HUD will provide guidance and instructions at a later date

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**Applicability Uniform Administrative Requirements**

- Requirements of [2 CFR part 200](#), as amended, apply to PJs, State recipients, and subrecipients receiving HOME-ARP funds
  - Except for following provisions of 2 CFR part 200:
    - [200.306](#), [200.307](#), [200.308](#) (not applicable to PJs)
    - [200.311](#) (except as provided in 24 CFR 92.257)
    - [200.312](#), [200.329](#), [200.333](#), [200.334](#)
- Provisions of [200.305](#) apply as modified by [24 CFR 92.502\(c\)](#) and Notice
- Conflicts between [2 CFR part 200](#) and [24 CFR part 92](#) or [CPD Notice 21-10](#)
  - Definitions in 24 CFR part 92 govern
  - Provisions of CPD Notice 21-10 govern

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**Financial Management – HOME-ARP Investment Trust Fund**

- HUD will establish HOME-ARP Investment Trust Fund Treasury account (Treasury account)
  - Includes funds allocated to PJ and any funds repaid by PJ
- PJ must establish HOME-ARP local account as described in [CPD Notice 21-10](#) and [24 CFR 92.500](#)
  - Separate local account or a subsidiary account within its general fund as the local account
  - Must be interest-bearing
  - May not use the same local account that it uses for HOME local account
- HOME-ARP grants expire September 30, 2030
  - Unexpended funds will be recaptured by US Treasury

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**Financial Management – Program Income**

- Gross income received by PJ from use of HOME-ARP funds
- Includes, but not limited to:
  - Principal and interest from a loan made with HOME-ARP funds
  - Other income or fees received from project owners in connection with HOME-ARP
  - Interest earned by PJ on program income before disposition
- Program income earned is HOME program income
  - Must be used in accordance with the requirements of 24 CFR part 92
  - Must be recorded as a HOME program income receipt in IDIS
- Program income must be deposited in the PJ's HOME-ARP local account
  - Unless PJ allows State recipient or subrecipient to retain program income
  - Must enter as HOME program income receipt in IDIS and subgrant back

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**Financial Management – Repayments**

- PJ must repay HOME-ARP funds expended when:
  - Use of funds not eligible under CPD Notice 21-10
  - Funds invested in a project terminated before completion, voluntarily or otherwise
  - Funds invested in rental housing or NCS that does not meet required time periods
- Repayment must be from non-Federal funds by PJ to its Treasury account
- Repayments after September 30, 2030 will be recaptured by US Treasury
  - PJ will not have access to re-use funds for eligible HOME-ARP activities
- Funds may not be repaid to PJ's local account

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**Financial Management – IDIS**

- PJ must use Integrated Disbursement and Information System (IDIS) to:
  - Request disbursements from Treasury account
  - Report on use of funds
  - Report all program income
- PJs will use IDIS to:
  - Submit HOME-ARP Allocation Plan (as an attachment)
  - Set up HOME-ARP activities
  - Subgrant funds to subrecipients
  - Fund activities with HOME-ARP
  - Drawdown HOME-ARP funds from the Treasury account
  - Report HOME-ARP accomplishments
- There are no HOME-ARP receipt fund types
- Requirements of [24 CFR 92.502\(c\)\(3\)](#) **do not** apply to HOME-ARP funds
  - HOME funds in local account **do not** have to be disbursed before funds in Treasury account

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**Financial Management – IDIS**

- HOME privileges in IDIS = same for HOME-ARP
  - [IDIS Online Access Request Form \(HUD Form 27055\) - HUD Exchange](#)
- HUD will govern access to IDIS by other entities
  - Only PJs and State recipients (if permitted by State) may request disbursement
- Signed / dated written agreement required before funds disbursed
- Funds cannot be drawn from Treasury in advance of need for eligible costs
  - Cannot be drawn and placed in escrow or advanced in lump sums, except:
    - Rental project operating cost assistance reserve or reserve replacement
    - NCS project for a replacement reserve

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**Financial Management – IDIS**

- Funds must be expended for eligible costs within 15 days of drawdown
  - Interest earned in 15-day period may be retained by PJ as HOME program income
    - Recorded in IDIS as HOME program income receipt
- If not expended for eligible costs within 15 days must be returned to HUD for deposit in PJ's Treasury account
- Interest earned after 15 days belongs to United States
  - Must be remitted to United States as provided in 2 CFR 200.305(b)(9)
  - Interest earned up to \$500 / year may be retained for PJ's administrative expenses
- PJ may commit additional funds to project up to 1 year after completion

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**Reporting and Performance Reports**

- Must submit reports in a format and at such time as prescribed by HUD
- Must enter required HOME-ARP data elements timely in IDIS
  - Reporting in IDIS like HOME with some exceptions
- HUD and OIG may access all information related to selection, award, use of HOME-ARP funds
- CAPER reporting – guidance will come later
- Use of HMIS

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**Reporting - IDIS**

- Activity-specific reporting
  - Rental:
    - PJ must enter project completion information when activity complete in IDIS, except assisted units can be marked vacant until occupied
    - Beneficiary reporting on qualified populations or low-income households
  - Non-Congregate Shelter:
    - PJ must enter project completion information when activity completed in IDIS
    - No beneficiary reporting required
    - PJ must report disposition of HOME-ARP-assisted NCS activity converted to another eligible use at time of conversion

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**Reporting - IDIS**

- Activity-specific reporting
  - TBRA:
    - PJ must report beneficiary information in IDIS at time assistance provided
    - Beneficiary reporting on qualified populations
    - Amount funded must equal amount of assistance provided + project delivery
  - Supportive Services:
    - PJ must report in IDIS each quarter when services provided
    - Quarterly report due by 30<sup>th</sup> day after end of each calendar quarter
    - Report on number of homeless and not homeless households assisted with supportive services and/or housing counseling
      - Also race and ethnicity, household size, household type

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**Recordkeeping**

- PJ must establish and maintain sufficient records to enable HUD to determine whether PJ meets the requirements of [CPD Notice 21-10](#)
- At a minimum, maintain following records:
  - Program records
  - Project records
  - Financial records
  - Program Administration records
  - Records concerning other Federal requirements
- PJ must require State Recipients and subrecipients to keep records
- All records retained 5 years unless specified in [CPD Notice 21-10](#)
- Provide citizens, public agencies, interested parties w/reasonable access

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**Confidentiality Requirements**

- Must develop, implement, maintain written procedures that ensure:
  - Records containing PII will be kept secure and confidential
  - Address/location of program participant or NCS or rental housing exclusively for individuals fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking will not be made public
    - Except if the address or location does not identify occupancy of NCS or rental housing
- Documenting status of qualifying population fleeing / attempting to flee domestic violence, dating violence, stalking, sexual assault, or human trafficking
  - Acceptable evidence = oral or written statement by qualifying individual or head of household seeking assistance that they are fleeing situation



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**Performance Reviews**

- HUD will review performance of PJ's use of HOME-ARP funds and its compliance with requirements of [CPD Notice 21-10](#)
  - Remote or on-site monitoring
  - Review of IDIS data or reports
  - Assessment of documents requested from the PJ, subrecipient, or other entity
  - Inquiries resulting from external audit reports, media reports, citizen complaints, etc.
- PJ's timely use of HOME-ARP funds for eligible activities, including:
  - Progress committing funds to projects
  - Progress expending funds for individual projects or activities
  - Requirement to place a project in service as required in CPD Notice 21-10
  - Compliance with 4-year project completion deadline for rental housing and NCS projects



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**HOME-ARP Resources**

- HUD Exchange webpage: [www.hudexchange.info/programs/home-arp/](http://www.hudexchange.info/programs/home-arp/)
- [CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program](#)
- [HOME-ARP Fact Sheets](#)
  - Getting Your HOME-ARP Grant
  - HOME-ARP Allocation Plan
    - Allocation Plan Certifications
    - Allocation Plan Template
  - HOME-ARP Noncongregate Shelter
  - HOME-ARP Nonprofit Operating & Capacity Building Assistance
  - HOME-ARP Rental Housing
  - HOME-ARP Supportive Services
  - HOME-ARP Tenant-Based Rental Assistance (TBRA)
- [HOME PJ-CoC Crosswalk](#)



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**HOME-ARP Training and Webinars**

- Completed webinars:
  - September 27<sup>th</sup> - Overview of CPD-21-10, Qualifying Populations, Allocation Plans
  - September 29<sup>th</sup> - Preferences, Referral Methods, Rental Housing
  - October 4<sup>th</sup> - TBRA, Supportive Services, Non-congregate Shelter
  - October 6<sup>th</sup> - Program Administration, Admin/Planning Funds, Nonprofit Operating
- Upcoming webinars:
  - HOME-ARP Office Hours
  - Allocation Plan Webinar for PJs
  - NCS Project Profiles

HOME-ARP mailing list: <https://www.hudexchange.info/maillinglist/subscribe/>



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