



U.S. DEPARTMENT OF HOUSING and URBAN DEVELOPMENT
Community Planning and Development

Special Attention:

All CPD Division Directors
All CPD Field Office Staff
All HTF Grantees

NOTICE: CPD-18-12

Issued: **October 3, 2018**

Expires: **This NOTICE is effective until it is amended, superseded, or rescinded**

Cross Reference: 24 CFR Part 93, 2 CFR Part 200

SUBJECT: Commitment and Expenditure Deadline Requirements for the Housing Trust Fund (HTF) Program

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2. HTF Deadline Compliance Status Report – IDIS Report PR108 (Sample Page)
3. HTF Deadline Compliance Status Report (PR108) Explanation of Fields

I. Purpose

This notice provides guidance to Housing Trust Fund (HTF) grantees on the commitment and expenditure requirements applicable to HTF funds and explains how HUD determines compliance with these requirements.

II. Background

The HTF program was established under Title I of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289), Section 1131, which added section 1338 to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568) (the HTF statute). Under this program, HUD provides grants to States (defined to include the District of Columbia, the Commonwealth of Puerto Rico, and the insular areas) to: 1) increase and preserve the supply of rental housing for extremely low- and very low-income families, including homeless families; and 2) increase homeownership for extremely low- and very low-income families. HUD's implementing rule is codified at 24 CFR Part 93. After HUD obligates a HTF grant to a grantee, the grantee awards funds to projects directly or to subgrantees that will directly fund projects.

Section 1338(c)(10)(B) of the HTF statute states that grantees must commit HTF funds to eligible projects within two years of HUD making the HTF funds available to the grantee. This requirement is reflected in the regulations at 24 CFR § 93.400(d)(1). HUD also established a 5-year deadline for expending HTF funds by regulation at § 93.400(d)(2). HUD recaptures any funds not committed or expended by the applicable deadline and reallocates the funds to all HTF grantees, except those from which the funds were recaptured, through the next year's HTF formula.

III. Commitment Requirement

The HTF regulation at § 93.2 defines "commitment" as a legally binding written agreement with an eligible recipient for a project that meets the definition of "commit to a specific local project."

"Commit to a specific local project" means:

- For rehabilitation or new construction projects (with or without acquisition), the grantee and recipient have executed a written legally binding agreement under which HTF assistance will be provided to the recipient for an identifiable project for which construction can reasonably be expected to start within 12 months of the agreement date. The written agreement for rehabilitation or new construction of rental housing may also provide operating cost assistance and/or operating cost assistance reserves.
- For projects consisting of acquisition of standard housing in which the grantee is providing HTF funds to a recipient to acquire rental housing, or to a first-time

homebuyer family to acquire single family housing for homeownership, the grantee and recipient or the family have executed a written agreement under which HTF assistance will be provided for the purchase of the rental housing or single family housing and the property title will be transferred to the recipient or family within 6 months of the agreement date. The written agreement for acquisition of rental housing may also provide operating cost assistance and/or operating cost assistance reserves.

- For projects consisting of renewal of operating cost assistance or operating cost assistance reserves, the grantee and the recipient executed a legally binding written agreement under which HTF funds will be provided to the recipient for operating cost assistance or operating cost assistance reserves for the identified HTF project.

The HTF Rule at § 93.400(d)(1) requires each grantee to commit its HTF grant within 24 months of the date that HUD executes the grantee's HTF grant agreement. If HUD finds that a grantee has not committed any portion of its HTF allocation by this deadline, it will reduce or recapture the grantee's HTF Treasury account by the amount of uncommitted funds. Because the commitment requirement is statutory, HUD has no authority to waive the requirement or extend the deadline under any circumstance.

IV. Expenditure Requirement

The HTF Rule at § 93.402(c) states that after the grantee enters complete project set-up information into the Integrated Disbursement and Information System (IDIS), HTF funds for the project may be drawn down from the HTF Treasury account by the grantee by electronic funds transfer. The HTF Treasury account includes the annual grant and funds reallocated to the grantee by formula. Any drawdown of funds from the HTF Treasury account is conditioned upon the provision of satisfactory information by the grantee about the project. Funds drawn from the HTF Treasury account are subject to the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and regulations at 31 CFR part 205. IDIS tracks drawdowns, not expenditures.

The HTF Rule at § 93.400(d)(2) requires each grantee to expend its HTF grant within 5 years after the date that HUD executes the grantee's HTF grant agreement. Expenditures are defined at 2 CFR § 200.34 (see Attachment 1.) If HUD finds that a grantee has not expended its entire HTF grant by this deadline, it will reduce or recapture the grantee's HTF Treasury account by the amount of unexpended funds. The 5-year expenditure requirement is regulatory and can be waived if HUD finds that there is good cause to do so.

The HTF local account is an interest-bearing account that includes deposits of HTF funds disbursed from the HTF Treasury account, any program income, and any repayments as required by § 93.403. Funds in the HTF local account must be disbursed before requests are made for funds in the HTF Treasury account (in accordance with § 93.402(c)(3)). Accordingly, because program income must be expended before grant funds, all funds in the HTF local account need to be expended at the 5-year expenditure deadline.

V. Determining Compliance with Deadline Requirements

HUD uses data from IDIS to determine the grantee's compliance with the HTF 24-month commitment and 5-year expenditure deadlines. At times, a grantee may not have entered all eligible HTF commitments and expenditures into IDIS before its deadline. Consequently, HUD allows the grantee to submit documentation of HTF commitments executed before its commitment requirement deadline and/or expenditures made before its expenditure requirement deadline that it had not entered in IDIS by its deadline. If the grantee has no such documentation and is not in compliance with one or both requirements, HUD must deobligate the amount of funds not meeting the requirement(s). HUD will reallocate the deobligated funds by formula in accordance with § 93.54(a)(1).

A. COMMITMENTS:

1. **Commitment Deadline:** The commitment deadline occurs 24 months after the date HUD executes the HTF grant agreement. To be certain of a grantee's actual commitment deadline, HUD and grantee staff should review the *Grant* screen in the IDIS for specific grant obligation and deadline dates.
2. **Determining Compliance with the Commitment Requirement:** To determine compliance with the commitment requirement, the grantee must commit (in accordance with the definition of "commitment" at § 93.2) before the commitment deadline all funds from the specific fiscal year HTF grant subject to the deadline.

Example: If a grantee's HTF Grant Agreement was executed by HUD on September 3, 2017, then the 24-month commitment deadline would be September 3, 2019.

After the grantee's deadline, HUD will review commitments entered in IDIS by the date of the deadline. If IDIS data show the grantee has not met the commitment requirement at the time of its deadline, the grantee may submit, for HUD review, documentation of any commitments executed by the deadline, but not entered in IDIS by the grantee before the deadline. The documentation of HTF commitments not entered in IDIS by the deadline must be a legally-binding written agreement between the grantee (or its subgrantee) and an eligible recipient, signed and dated by all parties on or before the deadline date which commits a specific amount of HTF funds to a specific project (see definition of "commit to a specific local project" at § 93.2). The HTF Rule at § 93.404(c) sets forth the minimum requirements for HTF written agreements.

Documents such as: approved budgets (including governing body budget resolutions); signed letters of intent; award letters; council or board minutes or approval by the council or board; and applications for HTF funding do not meet the definition of commitment at § 93.2 and will not be counted by HUD toward the grantee's commitment requirement. HUD must deobligate any HTF funds not committed by

the deadline. HTF funds that are deobligated from a grantee for its failure to meet the commitment requirement are reallocated by formula in accordance with § 93.54(a)(1).

NOTE: To demonstrate that the written agreement was executed properly by the parties prior to the deadline, the signature page of the agreement must contain the signatures of all parties along with the date of the execution of each party. An agreement that is dated only on the first page does not provide evidence of when the agreement was executed.

B. EXPENDITURES:

1. **Expenditure Deadline:** The expenditure deadline occurs five years after the date HUD executes the HTF grant agreement. To be certain of a grantee's actual expenditure deadline, HUD and grantee staff should review the *Grant* screen in IDIS for specific grant obligation and deadline dates.

Example: If a grantee's HTF Grant Agreement was executed by HUD on September 3, 2017, then the 5-year expenditure deadline would be September 3, 2023.

2. **Determining Compliance with the Expenditure Requirement:** To determine compliance with the expenditure requirement, the grantee must expend by its expenditure deadline all funds from the specific fiscal year HTF grant subject to the deadline. HUD will count disbursements from the HTF Treasury account created in IDIS before the expenditure requirement deadline as expenditures for the purpose of meeting the expenditure requirement, subject to monitoring reviews to determine if the HTF funds were expended on eligible costs by the deadline. This includes requests for draws from the Treasury account that are pending (i.e. draws that have not yet been approved in IDIS) or that have not yet been processed for payment by HUD's Line of Credit Control System (LOCCS).

After the grantee's deadline, HUD will review the total grant disbursements in IDIS before the deadline. If IDIS data show that the entire grant was not disbursed before the expenditure deadline, the grantee may submit, for HUD review, documentation of HTF expenditures, as defined in 2 CFR § 200.34, that were made before the deadline, but not drawn down. For a grantee reporting on an accrual basis, this includes amounts for eligible project costs owed by the grantee before its deadline that were not drawn down under the written agreement. The expenditure of funds for a project must be supported by the written agreement (under 24 CFR § 93.404(c)) committing the HTF funds to the project and invoices or documentation for acquisition of property or work performed under the agreement. If HUD determines that the documentation submitted by the grantee supports eligible HTF expenditures, the grantee must draw down the funds in IDIS within 15 days of HUD's determination.

HUD will not count as expenditures any costs incurred after the expenditure deadline or any project costs not supported by the written agreement (under 24 CFR § 93.404(c)) committing the HTF funds to the project. HUD will deobligate any HTF funds not expended by the deadline. HTF funds that are deobligated from a grantee for its failure to meet the expenditure requirement are reallocated by formula in accordance with § 93.54(a)(1).

VI. Reports

HUD uses Microstrategy through IDIS as its reporting tool. The Microstrategy tool contains several HTF reports. These reports are updated nightly to show IDIS data as of close of business on the previous day. For example, a report that is run in Microstrategy on October 1st contains data as of close of business on September 30th. HUD and the grantee use these reports to track HTF program progress and performance and to determine compliance with HTF requirements, including the commitment and expenditure requirements. The following two reports are particularly helpful to HUD and grantee staff in tracking and ultimately determining compliance with the HTF deadline requirements. Because it is the responsibility of the grantee to ensure its compliance with HTF deadline requirements, the grantee's staff should become familiar with these reports and review them frequently in the months leading up to its commitment and expenditure deadlines.

- A. **HTF DEADLINE COMPLIANCE STATUS REPORT - IDIS PR108:** The IDIS PR108 *HTF Deadline Compliance Status Report* is a report generated in Microstrategy from IDIS. For a specific year grant, this report identifies each grantee's commitment and expenditure requirement deadlines, the amount of HTF funds required to be committed and expended by each grantee before its respective deadlines, and the progress each grantee made committing and expending HTF funds as reported in IDIS. Each month, OAHF posts the report on the HTF Reports webpage at: <https://www.hudexchange.info/programs/htf/htf-deadline-compliance-status-reports/>; however, IDIS users may run the report at any time in Microstrategy. The report should be reviewed by HUD Field Office and HTF grantee staff monthly to determine whether a grantee is in danger of missing one or both of its deadline requirements. Attachment 2 provides an example of a PR108. Attachment 3 provides a description of the data fields contained on the PR108 report.
- B. **STATUS HTF GRANTS REPORT - IDIS PR109:** The IDIS PR109 *Status of HTF Grants Report* is a report generated in Microstrategy from IDIS. The PR109 provides summary grant and subfund level data, including the amount committed and expended, for each HTF grantee's fiscal year grants. Review of the PR109 helps HUD Field Office and HTF grantee staff determine the grantee's commitment and expenditure progress for each fiscal year allocation. It also provides commitment and expenditure information at the subfund level for HTF funds in the grantee's HTF Treasury account and HTF local account.

III. QUESTIONS REGARDING THIS NOTICE

For questions about the guidance provided in this notice, HUD Field Office staff should contact their Desk Officer in the Office of Affordable Housing Programs; an HTF grantee should contact its local HUD Field Office.

2 CFR § 200.34 Expenditures.

Expenditures means charges made by a non-Federal entity to a project or program for which a Federal award was received.

(a) The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.

(b) For reports prepared on a cash basis, expenditures are the sum of:

(1) Cash disbursements for direct charges for property and services;

(2) The amount of indirect expense charged;

(3) The value of third-party in-kind contributions applied; and

(4) The amount of cash advance payments and payments made to subrecipients.

(c) For reports prepared on an accrual basis, expenditures are the sum of:

(1) Cash disbursements for direct charges for property and services;

(2) The amount of indirect expense incurred;

(3) The value of third-party in-kind contributions applied; and

(4) The net increase or decrease in the amounts owed by the non-Federal entity for:

(i) Goods and other property received;

(ii) Services performed by employees, contractors, subrecipients, and other payees; and

(iii) Programs for which no current services or performance are required such as annuities, insurance claims, or other benefit payments.



U.S. Department of Housing and Urban Development
 Office of Community Planning and Development
 Integrated Disbursement and Information System
 PR108 - HTF Deadline Compliance Status Report
 Grant Year: 2016

DATE: 12-08-17
 TIME: 11:21
 PAGE: 2

Grantee	State		Deadline Date	Original Allocation	Adjustments	Requirement Amount	Total Through Deadline	%	Shortfall
MARYLAND	MD	Commitments	08/01/2019	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	08/01/2022	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	\$3,000,000
MAINE	ME	Commitments	12/30/2018	\$3,000,000	\$0	\$3,000,000	\$925,000	30.83%	\$2,075,000
		Disbursements	12/30/2021	\$3,000,000	\$0	\$3,000,000	\$11,883	0.40%	\$2,988,117
MINNESOTA	MN	Commitments	12/30/2018	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	12/30/2021	\$3,000,000	\$0	\$3,000,000	\$281,238	9.37%	\$2,718,762
MISSOURI	MO	Commitments	03/02/2019	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	03/02/2022	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	\$3,000,000
MISSISSIPPI	MS	Commitments	03/02/2019	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	03/02/2022	\$3,000,000	\$0	\$3,000,000	\$21,426	0.71%	\$2,978,574
MONTANA	MT	Commitments	12/30/2018	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	12/30/2021	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	\$3,000,000
NORTH CAROLINA	NC	Commitments	03/02/2019	\$3,284,215	\$0	\$3,284,215	\$328,422	10.00%	\$2,955,794
		Disbursements	03/02/2022	\$3,284,215	\$0	\$3,284,215	\$0	0.00%	\$3,284,215
NORTH DAKOTA	ND	Commitments	11/03/2018	\$3,000,000	\$0	\$3,000,000	\$3,000,000	100.00%	\$0
		Disbursements	11/03/2021	\$3,000,000	\$0	\$3,000,000	\$1,342,110	44.74%	\$1,657,890
NEBRASKA	NE	Commitments	03/02/2019	\$3,000,000	\$0	\$3,000,000	\$800,000	26.67%	\$2,200,000
		Disbursements	03/02/2022	\$3,000,000	\$0	\$3,000,000	\$449,582	14.99%	\$2,550,418
NEW HAMPSHIRE	NH	Commitments	11/03/2018	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	11/03/2021	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	\$3,000,000
NEW JERSEY	NJ	Commitments	03/06/2019	\$3,738,267	\$0	\$3,738,267	\$373,827	10.00%	\$3,364,440
		Disbursements	03/06/2022	\$3,738,267	\$0	\$3,738,267	\$43	0.00%	\$3,738,224
NEW MEXICO	NM	Commitments	12/30/2018	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	12/30/2021	\$3,000,000	\$0	\$3,000,000	\$3,413	0.11%	\$2,996,587
NEVADA	NV	Commitments	11/03/2018	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	11/03/2021	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	\$3,000,000
NEW YORK	NY	Commitments	12/30/2018	\$7,033,924	\$0	\$7,033,924	\$703,392	10.00%	\$6,330,532
		Disbursements	12/30/2021	\$7,033,924	\$0	\$7,033,924	\$0	0.00%	\$7,033,924
OHIO	OH	Commitments	12/30/2018	\$3,747,502	\$0	\$3,747,502	\$374,750	10.00%	\$3,372,752
		Disbursements	12/30/2021	\$3,747,502	\$0	\$3,747,502	\$0	0.00%	\$3,747,502
OKLAHOMA	OK	Commitments	01/30/2019	\$3,000,000	\$0	\$3,000,000	\$2,316,000	77.20%	\$684,000
		Disbursements	01/30/2022	\$3,000,000	\$0	\$3,000,000	\$0	0.00%	\$3,000,000
OREGON	OR	Commitments	12/30/2018	\$3,000,000	\$0	\$3,000,000	\$300,000	10.00%	\$2,700,000
		Disbursements	12/30/2021	\$3,000,000	\$0	\$3,000,000	\$11,568	0.39%	\$2,988,432
PENNSYLVANIA	PA	Commitments	01/19/2019	\$3,868,768	\$0	\$3,868,768	\$386,877	10.00%	\$3,481,891
		Disbursements	01/19/2022	\$3,868,768	\$0	\$3,868,768	\$0	0.00%	\$3,868,768

HTF DEADLINE COMPLIANCE STATUS REPORT, IDIS (PR108)

EXPLANATION OF FIELDS

Overview

For each grant year, the HTF Deadline Compliance Status Report identifies the amounts required to be committed and expended by each grantee; as well as progress made committing and expending HTF funds through the date of the report as reported in IDIS.

Report Column DescriptionsGrantee

This column identifies the name of the Housing Trust Fund (HTF) grantee.

State

This column identifies the state in which the grantee is located.

The next column indicates the type of requirement being measured as described below.

“Commitment” means the 24-month commitment requirement.

“Disbursement” means the five-year expenditure requirement.

Deadline Date

This column shows the date by which the grantee must commit and expend HTF funds in an amount equal to the amount of HTF funds shown under each “Requirement Amount” field. The commitment deadline date occurs 24 months from when HUD executes the HTF Grant Agreement. The expenditure deadline date occurs five years from when HUD executes the HTF Grant Agreement.

Original Allocation

The “Original Allocation” is the amount of HTF funds allocated to the grantee for the grant year identified at the top of the report. This should be the amount identified on the HTF Grant Agreement for that grant year.

Adjustments

The “Adjustments” column shows the sum of all increases and decreases to the original allocation. This amount may include deobligations for not meeting deadline requirements, among other reasons. The “Commitments” and “Disbursements” rows show all adjustments to a grant.

Requirement Amount

The “Requirement Amount” is the amount grantees must commit no later than the 24-months for the commitment deadline, and expend no later than the 5-year expenditure requirement deadline to meet the deadline requirements for the specific grant.

For both the commitment and expenditure requirements, the requirement amount is calculated by subtracting any adjustments from the original allocation.

Total Through Deadline

This column indicates the total commitments and expenditures entered in IDIS by the grantee as of the date of the report, or at the time of the grantee’s deadline.

Note: HUD automatically locks each grantee’s total amounts on the first business day following each respective deadline date. For example, the report will not reflect any commitments or expenditures entered in IDIS on or after September 1, 2017 for grantees with deadline dates of August 31, 2017.

- Commitments

The “Commitment” row shows the total commitments entered in IDIS by the grantee as of the date of the report or at the time of its commitment requirement deadline. This amount is derived from IDIS data which includes: commitments from authorized SU subgrants; the authorized amount of the AD subfund; commitments of EN funds; and, commitments to activities of HB and RO subfunds.

- Disbursements

The “Disbursements” row shows the total disbursements entered in IDIS by the grantee as of the date of the report or at the time of its expenditure requirement deadline.

%

This column shows the grantee’s commitment or expenditure percentage of each requirement amount that has been met as of the date of the report or the grantee’s deadline.

Shortfall

The “Shortfall” column indicates the amount of the commitment and expenditure requirements that have not met the requirement amounts as of the date of the report, or the grantee’s deadline. This amount is subject to deobligation after the grantee’s deadline if the grantee does not have documentation of commitments or expenditures before its deadlines.