



HOME FACTS - Vol. 12 No. 1, January 2024

Topic:

This HOME FACTS provides guidance on how a participating jurisdiction (PJ) should set up, fund, and complete community housing development organization (CHDO) project-specific loan activities in the Integrated Disbursement and Information System (IDIS) for technical assistance and site control or project-specific seed money loans.

Background:

Pursuant to 24 CFR 92.301, a PJ may use up to 10 percent of the HOME funds it reserves for housing to be owned, developed, or sponsored by CHDOs to provide technical assistance and site control or project-specific seed money loans to CHDOs. This type of project-specific assistance is provided in the early stages of site development for an eligible project and is commonly referred to as a "CHDO predevelopment loan." The purpose of the HOME assistance is to help determine the feasibility of a specific CHDO project. CHDO predevelopment loan activities are unique because, should the project not move forward after the predevelopment work is complete, the PJ may forgive the loan (i.e., waive repayment of the loan) in accordance with the terms of the HOME written agreement and 24 CFR 92.301 and complete the activity in IDIS.

The IDIS fund type designated for CHDO technical assistance and site control or project-specific seed money loans is "CL". HUD enforces the 10 percent limit on CHDO set-aside funds, which in IDIS is identified as "CR," through a cap or limit on the CL fund type. IDIS calculates the CL cap as 10 percent of the total amount of CR funds committed to CHDO activities for that specific grant year.

CHDO Predevelopment Loan Activity Setup:

PJs must comply with the requirements in 24 CFR 92.301 in the use of CR funds for project-specific technical assistance and site control or project-specific seed money loans. This includes the requirement that prior to setting up the CHDO activity in IDIS, the PJ executes a written agreement with the CHDO that meets the requirements of [24 CFR 92.504\(c\)\(7\)](#) for the CHDO predevelopment loan. When setting up the CHDO activity in IDIS, the PJ must select either *Rental* or *Homebuyer* from the Activity Category dropdown menu for the type of the potential CHDO project on the specific site or sites (refer to the following screenshot).

Activity Owner:
AMARILLO, TX

IDIS Activity ID:
2937

IDIS Project ID/Project Title (Program Year):
18/CHDO - Project (2021)

[Change Project](#)

*Activity Name:

CHDO Predevelopment Loan Activity

| Program | *Activity Category ⁱ | Ready to Fund | Funded | Setup Detail | Accomplishment |
|---------|---|---------------|--------|----------------------------|------------------------------------|
| CDBG | <input checked="" type="checkbox"/> Is this activity to prevent, prepare for, and respond to coronavirus?* <input type="radio"/> No <input type="radio"/> Yes <input checked="" type="checkbox"/> Does this activity use Section 108 loan? No Change answer None | No | No | Add CDBG | Add CDBG Accomp. |
| ESG | None | No | No | Add ESG | Add ESG Accomp. |
| HOME | <input type="checkbox"/> HOME-ARP Rental | No | No | Edit HOME | Add HOME Accomp. |
| HOPWA | Rental | No | No | Add HOPWA | Add HOPWA Accomp. |
| CDBG-R | Homebuyer Homeowner Rehab Tenant-Based Rental Assistance (TBRA) | No | No | Add CDBG-R | Add CDBG-R Accomp. |
| HPRP | AD/CO/CC Only | No | No | Add HPRP | |
| TCAP | None | No | No | Add TCAP | Add TCAP Accomp. |
| USCC | None | No | No | Add USCC | |

During activity setup, the PJ also indicates that the activity is a CHDO predevelopment loan activity by answering a series of questions on the *Add/Edit HOME Setup Detail (Page 1)* screen (refer to the following screenshot):

- The PJ selects "Yes" that the activity will be funded with CR funds.
- The PJ identifies the CHDO's role (i.e., owner, sponsor, or developer).
- The PJ selects "Yes" that the initial funding for the activity will be for a CHDO site control and/or project-specific seed money loan.

Activity

Add HOME Setup Detail (Page 1)

Rental

* Indicates Required Field

| | | |
|---------------------------------------|--|--|
| Grantee/PJ Activity ID: N/A | Activity Name: CHDO Predevelopment Loan Activity | Program Year/Project ID: 2021/18 |
| IDIS Activity ID: 2937 | Activity Owner: AMARILLO | Project Title: CHDO - Project |

CHDO Questions

Will the activity be funded with CHDO Reserve (CR)?

Yes No

CHDO Acting As:


Developer ▾

Will initial funding be a CHDO site control and/or seed money loan?

Yes No

Save | Save and Continue | Cancel

When prompted, the PJ enters the date of final signature on the written agreement with the CHDO for the CHDO predevelopment (i.e., "CHDO site control and/or seed money") loan in the Written Agreement Execution Date field in IDIS (refer to the following screenshot).

Written Agreement Execution Date:  (mm/dd/yyyy)

Note: this is optional during setup, but must be provided before the activity can be funded.

WARNING: This must be the actual execution date of the HOME written agreement. It cannot be modified once this activity has been funded.

The PJ confirms that it has set up the CHDO predevelopment loan activity correctly by navigating to the *Edit Activity* screen and reviewing the activity. If the CHDO activity is properly set up, the activity will have a status of "Loan Phase Ready" in its "Ready to Fund" column. (See the following screenshot).

Activity

Edit Activity

Save | Cancel

*Indicates Required Field

Activity Owner:
AMARILLO, TX

IDIS Activity ID:
2937

IDIS Project ID/Project Title (Program Year):
18/CHDO - Project (2021)

***Activity Name:**

| Program | *Activity Category ⓘ | Ready to Fund | Funded | Setup Detail | Accor |
|---------|---|-------------------------|--------|--|------------------------------------|
| CDBG | ♦ Is this activity to prevent, prepare for, and respond to coronavirus?™ <input type="radio"/> No <input type="radio"/> Yes ♦ Does this activity use Section 108 loan? No <input type="button" value="Change answer"/> <input type="text" value="None"/> | No | No | <input type="button" value="Add CDBG"/> | <input type="button" value="Add"/> |
| ESG | <input type="text" value="None"/> | No | No | <input type="button" value="Add ESG"/> | <input type="button" value="Add"/> |
| HOME | <input type="checkbox"/> HOME-ARP <input type="text" value="Rental"/> | Loan Phase Ready | No | <input type="button" value="Edit HOME"/> | <input type="button" value="Add"/> |
| HOPWA | <input type="text" value="None"/> | No | No | <input type="button" value="Add HOPWA"/> | <input type="button" value="Add"/> |

For additional information on how to set up CHDO loan activities, refer to [Chapter 14](#) of the HOME IDIS Training Manual for PJs.

Activity Funding:

In IDIS, a CHDO predevelopment loan activity must be funded with the CL fund type. Using funds from the CL fund type in IDIS is necessary because it will allow a PJ to change the activity status to "completed" in IDIS should the project not move forward after the predevelopment work is complete and the PJ forgives the loan in accordance with the terms of the HOME written agreement and 24 CFR 92.301.

In order to fund the CHDO predevelopment loan activity with CL funds, the PJ must first set up a CL subfund to set aside funds for the purpose of the project-specific technical assistance and site control or seed money loans. The PJ must then set up a CL subgrant for the CHDO that will be receiving the technical assistance and site control or seed money loans for the specific project. For guidance on how to set up subfunds and subgrants, refer to [Chapter 16](#) and [Chapter 17](#) of the HOME IDIS Training Manual for PJs.

Once the CL subfund and subgrant are properly set up, the CL funds will appear as Available for Funding on the *Edit Activity Funding* screen for the CHDO predevelopment loan activity. (See the following screenshot). The PJ then clicks on the “Add-Edit” link to fund the CHDO predevelopment loan activity with CL funds. For additional guidance on how to fund activities, refer to [Chapter 18](#) of the HOME IDIS Training Manual for PJs.

Activity Funding

Edit Activity Funding

[Return to Search for Activities to Fund](#)

*Indicates Required Field

Activity Owner:
AMARILLO, TX

IDIS Activity ID:
2937

Activity Name:
CHDO Predevelopment Loan Activity

Program Year/Project:
2021/18 CHDO - Project

Total Funded:
\$0.00

Total Drawn:
\$0.00

Funding Sources

Recipient Name:

All Recipients

Program:

All Programs

Fund Type:

All Fund Types

Filter

Reset Filter

Available Funds

| Recipient Name | Program | Fund Type | Source Name | Source Type | Available for Funding | Funded Amount | Drawn Amount | Action |
|--------------------------|---------|-----------|--------------|-------------|-----------------------|---------------|--------------|-----------------|
| HABITAT FOR AMARILLO, TX | HOME | CL | AMARILLO, TX | MC | \$8,870.00 | \$0.00 | \$0.00 | Add-Edit View |

Activity Completion

Following disbursement of the CL funds for the CHDO predevelopment loan activity and the use of funds for eligible predevelopment costs, the PJ indicates whether the CHDO project will be moving forward on the *Add/Edit HOME Setup Detail (Page 1)* screen. (See the following screenshot).

If the CHDO project will not be moving forward, the PJ answers “No” to this question. By answering “No”, the PJ may change the activity status to complete without providing any beneficiary data. The PJ should change the activity status to complete for the CHDO predevelopment loan activity as soon as it determines the project will not be moving forward.

Activity

Edit HOME Setup Detail (Page 1)

Rental

* Indicates Required Field

| | | |
|---------------------------------------|--|--|
| Grantee/PJ Activity ID: N/A | Activity Name: CHDO Predevelopment Loan Activity | Program Year/Project ID: 2021/18 |
| IDIS Activity ID: 2937 | Activity Owner: AMARILLO | Project Title: CHDO - Project |

CHDO Questions

Will the activity be funded with CHDO Reserve (CR)?
 Yes No

CHDO Acting As:
Developer

Will initial funding be a CHDO site control and/or seed money loan?
 Yes No

*** CHDO Loan (CL) funds have been fully disbursed. Is the activity going forward?**
 Yes No

Save | Save and Continue | Cancel

If the CHDO project will be moving forward, the PJ answers "Yes" to the question, "Is the activity going forward?". If the PJ answers "Yes" to the question, the CHDO predevelopment loan activity will remain open in IDIS until the CHDO project is ready to be completed in IDIS. The PJ therefore returns to the activity setup screens and updates the CHDO predevelopment loan activity fields on the *Edit HOME Setup Detail (Page 2)* screen with the details of the CHDO project that is moving forward. CR funds for the CHDO project may then be added to the CHDO predevelopment loan activity funds, up to the amount permitted by 24 CFR 92.250 and specified in an executed written agreement for the CHDO project that complies with 24 CFR 92.504.

Note: The Written Agreement Execution Date for the CHDO predevelopment loan activity should not be updated in IDIS to reflect the date of execution for the written agreement for any additional CR funds provided for the CHDO project. It should remain as the date of execution for the written agreement for the CHDO predevelopment loan. The PJ has four years from the date of execution of the written agreement for the CHDO predevelopment loan to complete the CHDO project in IDIS. However, if the activity becomes Involuntarily Terminated in IDIS for not meeting the four-year project completion requirement prior to the required completion date, the PJ should contact its CPD Representative.

CHDO Predevelopment Loan Activities that have been Incorrectly Setup and/or Funded

If the PJ discovers that one of its CHDO predevelopment loan activities has been incorrectly setup and funded, but no funds have been disbursed from the activity yet, the PJ should immediately correct the setup and funding of the activity by following the instructions outlined in the *Activity Setup* and *Activity Funding* sections of this HOME FACTS.

If the PJ discovers that one of its CHDO predevelopment loan activities has been incorrectly setup and funded, and funds have already been disbursed from the activity, the PJ must

contact its CPD Representative at the local HUD Field Office to determine how best to make the necessary corrections to its CHDO predevelopment loan activity.

Do You Have Questions:

Questions about CHDO technical assistance and site control or project-specific seed money loans should be directed to your local HUD Field Office. Additional information about CHDO predevelopment loan activities in IDIS may be found in [Chapter 14](#) of the HOME IDIS Training Manual for PJs.