



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

APR 20 2004

MEMORANDUM FOR: CPD DIVISION DIRECTORS

*Mary Kolesar*

FROM: Mary Kolesar, Director, Office of Affordable Housing Programs, DGH

SUBJECT: Guidance to Field Offices on Reporting American Dream Downpayment Initiative (ADDI) Activities in IDIS and Documenting Compliance with the Uniform Relocation Act (URA) Exception

In advance of ADDI funds being made available for allocation to most HOME Program participating jurisdictions (PJs), we have prepared and are providing to you the attached instructions to explain how information is to be entered into IDIS for an activity to be charged against American Dream Downpayment Initiative (ADDI) funds. These instructions should be shared with your PJs.

The costs associated with downpayment assistance and rehabilitation will be charged against ADDI funds, to the extent permitted by the ADDI regulations (e.g., per-household assistance caps applicable to FY 2004 and subsequent year allocations) if the activity information inputted into IDIS at completion meets the four criteria specified at the beginning of the instructions. PJs and field offices will not need to track ADDI as a separate program in IDIS nor will they be able to directly. Our office will run the data and post monthly reports of ADDI production by PJ on the web. Activity funding that meets the four ADDI criteria will be considered ADDI funding until those funds are exhausted. FY 2003 ADDI funds will be charged before FY 2004 ADDI funds unless rehabilitation is part of the activity in which case FY 2004 ADDI funds will be charged since FY 2003 ADDI funds cannot be used to pay for rehabilitation costs. Once the ADDI funds are exhausted, the activity funding is automatically charged against the HOME allocation. In addition, beginning with the FY 2004 ADDI funds, if the permitted 20 percent of the total ADDI allocation is expended on rehabilitation, any additional activity funding for rehabilitation will be charged against the next year's ADDI allocation or, if no allocation has been obligated to the PJ by that time, against available HOME funds.

The Uniform Relocation Act (URA) exception applies to FY 2004 and subsequent year ADDI allocations. In order to document compliance when a PJ chooses to take advantage of this exception the PJ must show that FY 2003 ADDI funds and regular HOME funds (which do trigger URA requirements) were not included in activity funding. To do so, the PJ should maintain a separate record of total expenditures for downpayment assistance and rehabilitation for tenant-occupied properties. This record must evidence that, at any point in time: (1) less than the total

available FY 2004 and subsequent year ADDI allocations were expended for both downpayment assistance and rehabilitation on such properties; and (2) not more than 20 percent of such allocation(s) were expended on the rehabilitation of these properties. For example, a PJ that received a \$200,000 FY 2004 ADDI allocation on July 1, 2004 and a \$200,000 FY 2005 ADDI allocation on July 1, 2005 had, by October 1, 2005, expended \$210,000 on ADDI activities, \$10,000 of which was for the combined downpayment assistance and rehabilitation costs on one *tenant-occupied* single-family property (\$5,000 for downpayment assistance and \$5,000 for rehabilitation). The \$10,000 expended is well under the \$400,000 in ADDI funds available to the PJ and the \$5,000 for rehabilitation is well under the \$80,000 that could be spent on rehabilitation (20 percent of the total of the two allocations). Assuming no other source of funds that would trigger the URA was used in this one activity, this documentation will constitute evidence of compliance with the URA exception.

If you have any questions about the reporting of ADDI activities in IDIS, please contact Alice Gregal, in OAHP, by email.

Attachment

## AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI) AND IDIS - Instructions -

In order for downpayment assistance to be charged against ADDI funds, a HOME Program activity must have: (1) a tenure type of Homebuyer; (2) an activity type of acquisition, acquisition/rehabilitation or acquisition/new construction; (3) downpayment assistance cost data; and (4) been designated as “First-Time Homebuyer”\*. This is performed in IDIS as follows\*\*:

### SCENARIO #1: HOME/ADDI funds provided to a household for downpayment assistance only.

1. Screen HM00 – HOME Menu – Enter “B” Homebuyer
2. Screen HB01- Set Up Homebuyer Activity – Enter activity type “3” Acquisition only
3. Screen HB04 A – Complete Homebuyer Activity Costs – Enter HOME funds in Downpayment Assistance section
4. Screen HB07 – Complete Homebuyer Activity: Beneficiaries – First-Time Homebuyer (Y/N) question must be answered “Y”. **Note: The system defaults to “N” if the question is not answered.**
5. Common Path Set Up Screen C04MA54 – Change status to “Complete”

### SCENARIO #2: HOME/ADDI funds provided to a household for downpayment assistance and rehabilitation

1. Screen HM00 – HOME Menu – Enter “B” Homebuyer
2. Screen HB01- Set Up Homebuyer Activity – Enter activity type “4” Acquisition Rehabilitation
3. Screen HB04 A – Complete Homebuyer Activity Costs – Enter HOME funds in Downpayment Assistance and Property Costs sections. The Rehabilitation Property Costs will be counted towards the FY 2004 or subsequent year ADDI allocation. **Note: Up to 20% of the FY 2004 and subsequent year ADDI allocations can be used for rehabilitation costs associated with downpayment assistance. FY 2003 ADDI funds may not be used for rehabilitation costs.**
4. Screen HB07 – Complete Homebuyer Activity: Beneficiaries – First-Time Homebuyer (Y/N) question must be answered “Y”. **Note: The system defaults to “N” if the question is not answered.**
5. Common Path Set Up Screen C04MA54 – Change status to “Complete”

### SCENARIO #3: HOME/ADDI funds provided to a development for new construction then downpayment assistance to individual homebuyers

1. Screen HM00 – HOME Menu – Enter “B” Homebuyer
2. Screen HB01- Set Up Homebuyer Activity – Enter activity type “2” New Construction or “5” Acquisition New Construction
3. Screen ADRS – Enter each property address
4. Screen HB04 – Complete Homebuyer Activity Costs – Enter HOME funds in Downpayment Assistance section for each property address. **Note: ADDI funds may not be used to pay any new construction costs.**
5. Screen HB07 – Complete Homebuyer Activity: Beneficiaries – First-Time Homebuyer (Y/N) question must be answered “Y”. **Note: The system defaults to “N” if the question is not answered.**
6. Common Path Set Up Screen C04MA54 – Change status to “Complete”

\* See definition of *first-time homebuyer* in ADDI regulations.

\*\*ADDI funds will be charged up to the individual limits allowed (i.e., the greater of \$10,000 or 6% of the purchase price) or until ADDI funds are exhausted, at which point project costs would then be charged against regular HOME funds.