

AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)

Q&A

For more information on ADDI, please refer to Title I of the American Dream Downpayment Act (Public Law 108-186, approved December 16, 2003) and the ADDI interim rule at 24 CFR §92.600.

General

1. What is ADDI?

The American Dream Downpayment Initiative (ADDI) was signed into law by President Bush on December 16, 2003 under the American Dream Downpayment Act (Public Law 108-186) (ADDI statute). Funds made available under the ADDI statute will be allocated to eligible HOME program participating jurisdictions (PJ) to assist low-income families become first-time homebuyers.

2. How can low-income families apply for ADDI funds?

ADDI will be administered as part of the HOME Investment Partnerships Program (HOME) by state and local participating jurisdictions. For more information on ADDI or the HOME program, contact your state or local participating jurisdiction by searching the contact information found at: www.hud.gov/addi/.

3. How does a PJ qualify for an ADDI allocation?

Each state receives ADDI funds proportionate to the percentage of the national total of low-income households residing in rental housing in the state, as determined by the most recent available U.S. census data. For instance, if a state houses 5 percent of the nation's low-income renter households, its ADDI allocation would be 5 percent of the total amount allocated by Congress. Each local participating jurisdiction receives ADDI funds from the state's share proportionate to the percentage of the statewide total of low-income renter households within the participating jurisdiction, as determined by the most recent available U.S. census data. To be eligible for an ADDI allocation, a local participating jurisdiction must have a total population of 150,000 individuals or more, as determined by the most recent available U.S. census data, or receive an allocation of \$50,000 or more based on the ADDI formula. For example, if a local participating jurisdiction containing 9 percent of the state's low-income renter households has a population of 325,000 and would receive an ADDI allocation of \$65,000 based on the ADDI formula, its share would be 9 percent of the amount allocated to its respective state. In FY 2004, approximately 430 participating jurisdictions out of 630 will receive an ADDI allocation.

4. Will every state receive an ADDI allocation?

Yes. All 50 states are eligible to receive ADDI allocations. However, the ADDI statute establishes a definition of state that differs from that of the HOME program. Specifically, the ADDI statute excludes the Commonwealth of Puerto Rico as a state. Consequently, Puerto Rico

and its municipalities will not receive ADDI funds for FY 2004 and subsequent years. Puerto Rico, and three of its municipalities, do receive FY 2003 ADDI funds under the HOME program definition of state.

5. Do Insular Areas receive ADDI allocations?

No. The ADDI statute does not provide ADDI funds to Insular Areas.

6. Where can the ADDI regulations be found?

The ADDI interim rule, published March 30, 2004 and effective April 29, 2004, can be found at 24 CFR Part 92.600 (Subpart M of the HOME rule).

7. Does HUD have an ADDI website?

Yes. The ADDI website can be accessed by visiting www.hud.gov/addi/.

Program Design

1. What are the eligible activities under ADDI?

ADDI funds may only be used for downpayment assistance towards the purchase of single family housing by low-income families who are first-time homebuyers. Rehabilitation that is completed in conjunction with a home purchase assisted with ADDI funds is also an eligible activity under the ADDI statute. A participating jurisdiction's total rehabilitation assistance may not exceed 20 percent of its annual ADDI allocation. However, rehabilitation is not an eligible use of FY 2003 ADDI funds.

2. What are the eligible project costs under ADDI?

Eligible project costs under ADDI include: acquisition costs, related reasonable and necessary soft costs. In addition, for FY 2004 and subsequent years' ADDI funds, development hard costs for related rehabilitation as described in § 92.206(a) including the cost of reduction of lead paint hazards and the remediation of other home health hazards.

3. What is the definition of first-time homebuyer?

Under ADDI, a first-time homebuyer is an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with assistance under ADDI. The term first-time homebuyer includes displaced homemakers and single parents. The definition used for ADDI is located in Title I of Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, approved November 28, 1990) (NAHA).

4. What is considered single-family housing?

Under ADDI, single-family housing means a one- to four-family residence, condominium unit, cooperative unit, combination of manufactured housing and lot, or manufactured housing lot.

5. What forms of investment can PJs use with ADDI funds?

Participating jurisdictions may invest ADDI funds as interest-bearing loans or advances, non-interest bearing loans or advances, interest subsidies consistent with the purposes of ADDI, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with ADDI. Each participating jurisdiction may establish the terms of assistance, subject to the requirements of ADDI.

6. Are there any families who can be assisted to become homeowners with HOME funds who would not be eligible for assistance through ADDI?

Yes. There is no first-time homebuyer requirement for homebuyer projects under HOME, while ADDI funds can only be used to assist first-time homebuyers. (See the definition of “first-time homebuyer” above.)

7. What is the difference between FY 2003 and FY 2004 ADDI?

By way of background, \$74.5 million in ADDI funds were made available under the Consolidated Appropriations Resolution, 2003. ADDI funds appropriated in FY 2003 were not allocated to participating jurisdictions at that time since the authorizing legislation for these funds was then being debated in Congress. That legislation, the American Dream Downpayment Act, signed by the President on December 16, 2003, made ADDI a component of HOME by amending section 271 of NAHA to establish specific statutory requirements governing ADDI. The ADDI statutory requirements elaborate upon, and in several respects differ from, those contained in the 2003 Consolidated Appropriations Resolution.

Most significantly, the ADDI statute:

- Establishes an allocation formula to govern the allocation of FY 2004 and subsequent fiscal years’ ADDI funds that is based primarily on the need for assistance to homebuyers, as measured by the percentage of low-income households residing in rental housing within the participating jurisdiction;
- Establishes the definitions applicable to ADDI;
- Authorizes the use of ADDI funds for certain rehabilitation costs completed in conjunction with ADDI downpayment assistance;
- Establishes new Consolidated Plan requirements; and
- Prescribes other requirements regarding the allocation and use of ADDI funds.

FY 2003 ADDI funds, under the Consolidated Appropriations Resolution, 2003, are allocated based on a formula that considers a participating jurisdiction’s need for, and prior commitment to, assistance to homebuyers.

8. Are first-time homebuyer beneficiaries required to receive housing counseling under ADDI?

No. While essential to a successful homebuyer program and typically used in conjunction with HOME-funded downpayment assistance, there is no housing counseling requirement for first-

time homebuyers receiving assistance under ADDI. § 92.602(b)(3)(iv) of the ADDI rule identifies housing counseling as an allowable project soft cost under ADDI only if the person receiving the counseling purchases single family housing with ADDI assistance. In addition, states and local participating jurisdictions must include in their action plans a description of the actions taken to ensure suitability of families receiving ADDI funds to undertake and maintain homeownership (§ 91.220(g)(2)(iv)(C) and § 92.320(g)(2)(iv)(C)). This description should include the provision of housing counseling to homebuyers.

9. Can ADDI funds be used in conjunction with the homeownership option of the Housing Choice Voucher Program (Section 8 homeownership program)?

Yes. ADDI funds can be used for downpayment assistance, or for rehabilitation in conjunction with downpayment assistance, for low-income first-time homebuyers participating in the homeownership option of the Housing Choice Voucher Program. When combining funds from ADDI and the homeownership option of the Housing Choice Voucher Program, the requirements of both programs must be met.

10. Can a PJ design its ADDI program to assist homebuyers by reducing the principal amount of their first mortgage? (NEW)

Yes. Principal reduction is an eligible form of assistance for both HOME and ADDI.

ADDI and HOME

1. Do all HOME requirements apply to ADDI funds?

Generally, requirements for HOME homebuyer projects apply to ADDI projects. However, there are some nuances in the ADDI statute that make the requirements differ slightly from HOME requirements. Questions 4 through 7 in this section discuss the major differences between HOME and ADDI.

Specifically, the following HOME **program requirements** under subpart E of the HOME rule apply to ADDI funds:

- Private-public partnership (§ 92.200);
- Distribution of assistance (§ 92.201);
- Income determinations (§ 92.203);
- Pre-award costs (§ 92.212); and
- Matching contribution requirements of §§ 92.218 – 92.222 (apply only to FY 2003 ADDI funds).

The following HOME **project requirements** under subpart F of the HOME rule apply to ADDI funds:

- Maximum per-unit subsidy amount under § 92.250(a) applies to the total HOME and ADDI funds in a project;
- Property standards (§ 92.251);
- Affordability requirements (§ 92.254(a) and (c));

- If a project receives both HOME and ADDI funds, the total of HOME and ADDI funds in the project is used for calculating the period of affordability described in § 92.254(a)(4) and applied to resales (§ 92.254(a)(5)(i)) and recaptures (§ 92.254(a)(5)(ii)).

The following **other federal requirements** under subpart H of the HOME rule apply to ADDI funds:

- Federal and nondiscrimination requirements (§ 92.350);
- Environmental review (§ 92.352);
- Labor requirements (§ 92.354);
- Lead-based paint (§ 92.355);
- Conflict of interest (§ 92.356); and
- Consultant activities (§ 92.358).

The following **other federal requirements** under subpart H of the HOME rule **do not** apply to ADDI funds:

- Affirmative marketing (§ 92.351(a));
- Displacement, relocation, and acquisition requirements, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act (42 U.S.C. 4201-4655) and the implementing regulations at 49 CFR part 24, contained in § 92.353 do not apply to ADDI, except the requirements do apply to FY 2003 ADDI funds; and
- Executive Order 12372 (§ 92.357).

The following **program administration requirements** under subpart K of the HOME rule apply to ADDI funds:

- HOME Investment Trust Fund under § 92.500, with the exception of paragraphs (c)(2) and (d)(1)(A);
- HOME Investment Partnerships Agreement (§ 92.501);
- Program disbursement and information system (§ 92.502);
- Program income, repayments and recaptured funds under § 92.503, except the program income and recaptured funds must be deposited in the participating jurisdiction's HOME investments trust fund local account and used in accordance with the HOME program requirements;
- Participating jurisdiction responsibilities and written agreements (§ 92.504);
- Applicability of uniform administrative requirements (§ 92.505);
- Audit (§ 92.506);
- Closeout (§ 92.507);
- Recordkeeping (§ 92.508), (sections relevant to homebuyer assistance); and
- Performance reports (§ 92.509).

2. Can ADDI and HOME funds be used in the same project?

Yes. HOME funds can be used in conjunction with ADDI funds, especially when an investment of more than \$10,000 is required. For example, if \$5,000 of downpayment assistance is needed and \$15,000 is needed for rehabilitation, \$10,000 of ADDI funds could be invested in the project along with \$10,000 of HOME funds. The total HOME and ADDI investment cannot exceed the maximum per-unit subsidy limits for the jurisdiction.

3. Is there a minimum or maximum amount of ADDI assistance per unit?

Yes. The minimum amount of assistance per unit is \$1,000. The \$1,000 minimum investment can be a combination of ADDI and HOME funds. Under the ADDI statute, the amount of ADDI assistance provided to any low-income family cannot exceed the greater of six percent of the purchase price of a single family housing unit or \$10,000. This specific statutory limit does not apply to FY 2003 ADDI funds. All ADDI funds are subject to the maximum per unit subsidy limit established for the area by HUD.

4. Can PJs use ADDI funds for administrative costs?

No. ADDI funds cannot be used for administrative costs. However, HOME administrative funds can be used to administer ADDI. Under the statute, ADDI funds are not added to a participating jurisdiction's HOME allocation in determining the 10 percent cap on administrative costs. However, for FY 2003 ADDI funds, the cap on administrative costs is determined by taking 10 percent of the sum of the participating jurisdiction's HOME allocation and ADDI allocation.

5. Are ADDI funds required to be matched?

There is no match requirement under the ADDI statute, which applies to FY 2004 and subsequent years' ADDI funds. However, HOME match requirements do apply to FY 2003 ADDI funds. If there are match reductions applicable to a participating jurisdiction for regular HOME funds, these reductions also apply to a participating jurisdiction's FY 2003 ADDI funds.

6. Is there a CHDO set-aside requirement for ADDI?

No. The 15 percent CHDO set-aside applicable to each participating jurisdiction will continue to be calculated on the basis of the HOME allocation, not including ADDI funds. Since downpayment assistance is not an eligible CHDO activity, the ADDI allocation was excluded when calculating the CHDO set-aside.

7. Will the funds have to be committed in two years?

Yes. Like HOME funds, ADDI funds must be committed within 24 months and expended within 5 years of the last day of the month in which HUD notifies the participating jurisdiction of HUD's execution of the HOME Investment Partnerships Agreement. Any funds remaining uncommitted after 24 months and unexpended after 5 years will be reallocated in the following fiscal year.

8. Does the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) apply to ADDI?

No. Pursuant to section 271(j) of the ADDI statute (PL 108-186), the URA does not apply to downpayment assistance under ADDI beginning with FY 2004 funding. However, homebuyer assistance projects funded with FY 2003 ADDI or any FY HOME funds are subject to the URA and its implementing regulations 49 CFR Part 24.

For example, when a homebuyer uses FY 2004 ADDI funds for the purchase of a dwelling, the URA does not apply. However, if a homebuyer uses FY 2003 ADDI funds or any FY HOME funds in connection with the purchase, the URA will apply, and any tenant displaced as a result of the purchase is eligible for URA relocation assistance and payments. In addition, the homebuyer, prior to making an offer for the property, (1) must clearly advise the homeowner that he/she is unable to acquire the property in the event negotiations fail to result in an amicable agreement; and (2) inform the homeowner of what he/she believes to be the fair market value of the property (see 49 CFR 24.101(a)(2)).

One should be cautioned that if HOME funds, or other Federal financial assistance, are provided (e.g., for rehabilitation activities or for additional downpayment assistance) in connection with an ADDI-assisted project, the requirements of the URA will apply regardless of the exemption discussed above.

PJ Responsibilities

1. Does a PJ have to account for the use of ADDI funds in its Consolidated Plan?

Yes. To receive an ADDI formula allocation, a participating jurisdiction must address the use of ADDI funds in its consolidated plan submitted in accordance with 24 CFR part 91. In addition, under the ADDI statute, each state and local participating jurisdiction is required to include in its annual action plan a description of the planned use of the ADDI funds; a plan for conducting targeted outreach to residents and tenants of public and manufactured housing, and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide downpayment assistance for such residents, tenants, and families; and a description of the actions to be taken to ensure the suitability of families receiving ADDI assistance to undertake and maintain homeownership.

If a state or local participating jurisdiction has already submitted its FY 2004 action plan to HUD, it must amend that action plan to include the required information for its FY 2003 and FY 2004 ADDI allocation. Planning targets for FY 2003 and FY 2004 ADDI funds can be found at www.hud.gov/offices/cpd/about/budget/budget04/index.cfm.

2. Will ADDI funds require a separate grant number and grant agreement?

No. ADDI funds will be added to the participating jurisdiction's grant number that represents the year the funds are obligated. Usually, the participating jurisdiction will be assigned the same grant number for each year's HOME and ADDI funds. For example, in FY 2004, a participating jurisdiction may be assigned one grant number for the obligation of its FY 2003 ADDI, FY 2004 HOME, and FY 2004 ADDI funds.

3. How much additional recordkeeping work is required of the participating jurisdiction for ADDI projects?

Other than the recordkeeping requirements applicable to all HOME-assisted homebuyer projects, participating jurisdictions must also document that each ADDI beneficiary is a first-time homebuyer.

4. Will there be separate reporting requirements for ADDI funds?

No. HUD will extract data from IDIS to compile needed reports. Participating jurisdictions will enter beneficiary information into IDIS just as if ADDI funds were regular HOME funds. The only additional information participating jurisdictions will be required to enter into IDIS is an indication of whether the beneficiary of a homebuyer activity is a first-time homebuyer.

5. How will HUD track ADDI accomplishments? (REVISED)

In the case of FY 2003 or FY 2004 ADDI funds, downpayment assistance to first-time homebuyers entered as completed in IDIS on or after April 29, 2004, the effective date of the ADDI rule, or as of the start date of the participating jurisdiction's FY 2004 Program Year, whichever is later, will be credited to ADDI by HUD. For FY 2005 and subsequent year ADDI allocations, downpayment assistance to first-time homebuyers can be credited to that year's ADDI allocation when a project is entered as completed on or after that year's participating jurisdiction's Program Year start date. Should a participating jurisdiction's annual ADDI allocation, plus any carry over from prior years, be fully expended prior to the beginning of the following year's Program Year start date, HUD will credit the participating jurisdiction's regular HOME funds for completed downpayment assistance activities until the next Program Year start date and the receipt of that year's ADDI funds allocation. HUD will run a monthly report tracking ADDI accomplishments. The ADDI Accomplishments Report is posted under Production Reports on the HOME website.

For FY 2003 ADDI funds, the only eligible ADDI activity is downpayment assistance to first-time homebuyers – rehabilitation costs are not eligible. Consequently, HUD will credit completions for first-time homebuyer projects providing “downpayment assistance only” to a participating jurisdiction's FY 2003 ADDI funds. Once a participating jurisdiction's FY 2003 ADDI funds have been depleted, first-time homebuyer with downpayment assistance only activities will be applied to its FY 2004 ADDI funds. Since rehabilitation assistance to homes acquired by first-time homebuyers through the use of ADDI Downpayment funds is an eligible activity beginning with FY 2004 ADDI funds, all downpayment assistance activity to first-time homebuyers that include rehabilitation will be credited to the participating jurisdiction's FY 2004 and subsequent year's ADDI funds – not to FY 2003 ADDI funds, if still available. HUD will report expenditures and remaining balances for each funding year.

See Q&A 9 in this section for details on how ADDI projects are entered into IDIS.

6. Which IDIS activities will be included in HUD's monthly ADDI Accomplishment Report? (NEW)

All first-time homebuyer, downpayment assistance activities completed from April 29, 2004, the effective date of the ADDI rule, or the beginning of the participating jurisdiction's FY 2004 Program Year, whichever is later, will be included in the monthly ADDI Accomplishment Report. For example, if a participating jurisdiction's Program Year began January 1, 2004, all first-time homebuyer downpayment assistance activities completed on or after April 29, 2004 will be included. If a participating jurisdiction's Program Year began on July 1, 2004, all first-

time homebuyer downpayment assistance activities completed on or after July 1, 2004 will be included.

7. How will ADDI be reported against FY 2005 and subsequent year ADDI allocations? (NEW)

For FY 2005 and subsequent year ADDI allocations, downpayment assistance to first-time homebuyers can be credited to that year's ADDI allocation when a project is entered as completed on or after that year's participating jurisdiction's Program Year start date. Should a participating jurisdiction's annual ADDI allocation, plus any carry over from prior years, be fully expended prior to the beginning of the following year's Program Year start date, HUD will credit the participating jurisdiction's regular HOME funds for completed downpayment assistance activities until the next Program Year start date and the receipt of that year's ADDI funds allocation.

For example, if a participating jurisdiction's Program Year begins on July 1, 2005, and the participating jurisdiction has expended all its FY 2003 and FY 2004 ADDI funds prior to that date, only first-time homebuyer downpayment assistance activities completed on or after July 1, 2005 will be counted as ADDI accomplishments paid out of FY 2005 ADDI funds. First-time homebuyer downpayment assistance activities completed after the total amount of FY 2003 and FY 2004 ADDI funding has been expended and prior to the participating jurisdiction's July 1, 2005 Program Year start date will not be reported as ADDI accomplishments but will instead be credited to the PJ's regular HOME funds.

8. If a PJ sets up an ADDI eligible activity in IDIS prior to the start of its next Program Year, after having expended all of its prior years' ADDI funds, and then completes this activity after the start of its Program Year, will this activity be counted towards its ADDI accomplishments? (NEW)

Yes. However, if the activity is completed prior to the start of its Program Year, the activity will be counted toward its regular HOME allocation. The commitment of ADDI funds, prior to their actual receipt, is allowable. In this situation, the completion date entered in IDIS will determine whether the activity is credited to ADDI or to regular HOME funds.

9. What information must a PJ enter into IDIS to indicate a first-time homebuyer project will be applied to its ADDI funds?

In order for completed activities to count towards a participating jurisdiction's 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:

- HOME/ADDI funds provided to a household for downpayment assistance only.
 - 1) Screen HMOO – 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”
- 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”
 - HOME/ADDI funds provided to a development for new construction then downpayment assistance to individual homebuyers.
 - 1) Screen HMOO – 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”

10. If a PJ uses regular HOME funds rather than ADDI funds to assist a first-time homebuyer, should it indicate first-time homebuyer on the HB07 screen Complete Homebuyer Activity: Beneficiary in IDIS? (REVISED)

Yes. HUD is interested in capturing accomplishment data on all first-time homebuyers, whether or not they were assisted with ADDI funds. HUD will differentiate the type of HOME funds that were used in monthly ADDI accomplishment reports that are posted under Production Reports on the HOME website. It is also acceptable for a participating jurisdiction to differentiate between ADDI and HOME funds by selecting or not selecting the “first-time homebuyer” option at project completion in IDIS. (See question 11.)

11. Can a PJ control which projects are credited to ADDI or to regular HOME funds? (NEW)

Yes. Participating jurisdiction staff should not select the “first-time homebuyer” option at project completion in IDIS if the assistance is not to be credited to ADDI – this is how the PJ controls what will be reported by HUD as an ADDI, versus regular HOME Program, accomplishment. Please note that, in regard to FY 2003 ADDI funds, which are not subject to the \$10,000 or 6 percent of purchase price limitation that applies to subsequent year allocations, the entire amount of downpayment assistance to a first-time homebuyer, up to the available HOME Program maximum per-unit subsidy, will be attributed to ADDI.

12. How will the rehabilitation costs in ADDI projects be calculated? (NEW)

Beginning with FY 2004 ADDI funds, if rehabilitation is included in the ADDI project in addition to downpayment assistance, the downpayment assistance and rehabilitation costs will be charged to ADDI, up to the \$10,000 or 6 percent of purchase price cap, even if the participating jurisdiction wants to use only regular HOME funds to pay the cost of rehabilitation. The \$10,000 or six percent of purchase price cap includes downpayment assistance plus rehabilitation, so depending on the amount of downpayment assistance provided, the amount of rehabilitation costs charged against a participating jurisdiction’s ADDI funds may be relatively low on a project by project basis.

13. Why is HUD reporting ADDI accomplishments? Why not just add ADDI as a separate program in IDIS? (NEW)

Any changes to IDIS require extensive reengineering of the system and literally take years to complete. Work performed on IDIS through ADDI/HOMEROCS! was nearing completion by the time ADDI legislation was enacted. Given that ADDI is not a separate program and its requirements are embedded in the HOME Program regulations, HUD attempted to make the addition of ADDI in IDIS as transparent as possible for participating jurisdictions within the existing time constraints.

14. What happens if a PJ declines to receive its ADDI allocation?

If a participating jurisdiction declines to receive its ADDI allocation, the allocation will revert back to the state in which the participating jurisdiction is located.

15. Am I required to submit a separate SF-424 with the PJ’s action plan for ADDI funds?

No. The SF-424 for a participating jurisdiction’s HOME funds should include the participating jurisdiction’s ADDI funding. ADDI uses the same CFDA number as HOME.

16. Should PJs account for ADDI program income separately from HOME program income?

No. ADDI program income is considered HOME program income and follows the requirements of § 92.503(a). For more information on program income requirements, please see HUD Notice CPD 97-9.

17. Are PJs required to provide housing counseling for first-time homebuyer ADDI beneficiaries?

No. PJs are not required to provide housing counseling to participants of their ADDI program. However, many PJs offer counseling as a part of their existing homebuyer assistance programs. HUD believes strongly in the value of pre- and post-purchase housing counseling for assisted homebuyers, especially first-time homebuyers. In addition, per the amended § 91.220(g)(2)(iv)(C) contained in the ADDI interim rule, PJs are required to include a description of the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership in their annual action plans.