

HOME DEVELOPER (NON-CHDO) / SUBRECIPIENT CHECKLIST

The information contained in this checklist and the accompanying Appendix “A” will be used to evaluate and document the capacity of entities that apply for City of Erie Home Investment Partnerships Program (HOME) funds to carry out projects in the role of either a non-CHDO (Community Housing Development Organization) developer or subrecipient. Note: Potential applicants may refer to the definition of CHDO in Subpart A, Section 92.2 of the HOME Final Rule (24 CFR Part 92) to see if they qualify as a CHDO. A separate application is required from those entities seeking to carry out CHDO-eligible projects. Submit this form and the required documentation to:

Debra Smith
Grant Administrator
City of Erie
Department of Economic and Community Development
626 State Street, Room 404
Erie, Pennsylvania 16501-1128

Include all supporting documentation as “Attachment A.” Supporting documentation should be included for each item checked off. Label each document included with the corresponding checklist question number.

I. CONTACT INFORMATION

Organization Name: _____

Phone Number: _____

Project Name: _____

Mailing Address: _____

Executive Director: _____

E-Mail Address: _____

Service Area: _____

II. LEGAL STATUS

If a non-profit entity:

- A. The nonprofit organization is organized under state or local laws, as evidenced by:
 - Charter
 - Articles of Incorporation
- B. No part of its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:
 - Charter
 - Articles of Incorporation
- C. It has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986, as evidenced by:
 - 501(c)(3) or (4) Certificate from the IRS
- D. It has among its purposes the provision of decent housing that is affordable to low—and moderate-income people, as evidenced by a statement in the organization's:
 - Charter
 - Articles of Incorporation
 - By-Laws
 - Resolutions

If a for-profit entity:

- Documentation of entity's legal status

III. CAPACITY

- A. The nonprofit organization conforms to the financial accountability standards of the Federal Uniform Requirements of 2 CFR 200.302, 2 CFR 200.303, and 2 CFR 200 Subpart E (Cost Principles), as evidenced by:
 - A notarized statement by the president or chief financial officer of the organization
 - A certification from as Certified Public Accountant
 - A HUD-approved audit summary
- B. The nonprofit organization has demonstrated capacity and experience as described in the narrative of Appendix A.
 - Narrative in Appendix A

IV. ORGANIZATION STRUCTURE

- A. It provides information on current Board of Directors (if applicable, Board must conduct a minimum of four meetings per year) as evidenced by:
 - A completed Board of Directors Chart (see Appendix B)
- B. It provides a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of all HOME-assisted affordable housing projects, as evidenced by at least one of the following:

- By-Laws
 Resolution (see model in Appendix C if necessary)
 A written statement of operating procedures approved by the governing body
- A description of your formal process for obtaining low-income input (Appendix D)

Approved Developers must maintain records that show the formal process has been followed for all projects receiving HOME from DECD.

V. RELATIONSHIP WITH FOR-PROFIT ENTITIES (To be completed by Non-Profit entities only)

The organization is not controlled by nor receives directions from individuals or entities seeking profit from the organization, as evidenced by either:

- By-laws
 Memorandum of Understanding (MOU)

VI. ADMINISTRATIVE AUDIT AND LEGAL ISSUES

- A. Has your organization been placed under administrative restrictions from Federal, state or local sources at any time in the past 5 years? Yes No
- B. Has your organization been involved in any lawsuits? Yes No
- C. Are there any outstanding judgments against your organizations? Yes No
- D. Has your organization defaulted on any loans in the past 5 years? Yes No
- E. Has your organization had any audit findings in the past 5 years? Yes No

If you answered "Yes" to any of the above questions, attach a complete explanation labeled as "HOME Developer Checklist VI. Administrative Audit and Legal Issues."

VII. CERTIFICATIONS

By signing below:

- a. the Applicant Organization certifies that the information provided in this application is true and complete;
- b. the Applicant Organization understands that DECD may conduct its own independent review of the information herein and the attachments, and may verify information from any source; and
- c. the Applicant Organization understands that the DECD will not be responsible for any costs incurred by the applicant in developing and submitting this application, and that all applications submitted become the property of DECD.

Name of Authorized Official: _____

Signature of Authorized Official: _____

Title of Authorized Official: _____

Date: _____

APPENDIX A

APPENDIX A

Staff Experience & Organizational Capacity Checklist

The requirements under the 2013 HOME Appropriation law and the HOME Program Final Rule at 24 CFR Part 92, as amended July 24, 2013, are more rigorous than previous years. Now, in addition to meeting all the usual standards in order to receive HOME funding, an organization must also demonstrate that it has adequate capacity and experience to take on the specific project for which it is applying. Specifically it must show that:

- it has staff with demonstrated development experience, and
- The organization itself (not merely the individual staff people currently employed by the organization) has experience developing projects of the same size, scope, and level of complexity as the activities for which HOME funds are being reserved or committed.

Items in this checklist include what HUD recommends as adequate evidence to demonstrate capacity and experience requirements are met. DECD is required to collect (and keep) documentation that your organization has met HUD's requirements of capacity and experience.

Provide a narrative response and/or documentation requested below. Label responses and documents in the numbered order below.

Staff Development Experience

1. **Relevant development experience** – Document the basis for answers to the applicable project type.
 - a. Homeownership development – Has the staff person been involved in the acquisition, rehabilitation/construction and sale of homebuyer housing? Previous experience purely in counseling, marketing, or financing activities is not sufficient to be considered development experience.
 - b. Rental development – Has the staff person been involved in the acquisition, rehabilitation/construction and/or ownership/operation of rental housing?

DECD notes: Please submit documentation evidencing that the key staff people and contracted staff have experience comparable to the type of work they will be doing for this project. You can either write out a summary of the experience of each of the key people or you can submit a resume for each of the key people. If you submit a resume but it isn't explicit on that resume which functions the staff person has performed in the past that they will be performing on this project you can expect that we will follow up with you and ask you for clarification or to submit a written description of how the experience on the resume parallels the work on this project. To save time it might be easier for you to just write up such a summary initially (rather than submit resumes). We will expect at least one staff person to have experience in each of the major areas of rental development listed in 1.b. The more explicitly you can draw those parallels in your summaries, the easier the certification process will be for both you and DECD staff.

Staff are sometimes shared with organizations in a parent/subsidiary relationship. Examples are where the subsidiary serves as a development entity for a multi-service parent, national nonprofits with local affiliates, or "public entity" parents (e.g. PHA). If that is the situation with this project, you will need to document the relationship between the agencies with an inter-agency agreement that: specifies staff (with their experience), specifies services and day-to-day responsibilities and authority, and specifies the payment for services. Please submit a copy of this inter-agency agreement to DECD. (If this organization is not one with shared-staff, just indicate this in your response.)

Developer Capacity & Fiscal Soundness

2. Past and current performance

- a. Has the organization performed adequately in the past in HOME, CHDO, and/or other real estate development activities?
- b. Is the organization currently in good standing on all its development and administrative activities? Does it show the capacity to take on this additional activity and continue to manage everything that it has ongoing?

Write a summary of your past and current performance on housing development projects. As part of that summary, list any projects that you've worked on in which DECD has been a funder, so we can follow up with DECD staff involved with those projects and confirm that your understanding of adequate performance matches their understanding of your performance. DECD expects that the organization will have done at least one relevant development in the last 2 years.

3. Capacity – Organization

- a. Organizational structure – Can the current organizational structure support housing development activities, or is there a need for a subsidiary or other organizational structure for future development? Are there operations or activities that need to be organizationally separate from housing development activities and portfolios?

Write a paragraph (or more if necessary) explaining how the organizational structure is adequate. If your organization shares staff with another organization (perhaps a parent organization), explain the duties of each organization, and how the roles played by shared staff on this project will be covered by the development entity, and not by the organization sharing staff.

- b. Management structure/practices – Does the current management have the ability to manage additional development activities? Are the corporate lines of development activities clear? Are policies & procedures in place authority for governing development activities?
- c. Pipeline/portfolio – What does the entity have as its current project pipeline and program responsibilities? Will it be able to handle the additional project proposed? If the organization pursues housing development, what other activities are likely to suffer or not be able to be pursued due to the effort required for development activities? Does its portfolio of projects/properties evidence competent management and oversight? Do the properties appear to have adequate funding?
- d. Staff capacity – Do(es) the identified staff have the time to direct toward management of the proposed project? How strong are staff in the following areas: Legal/financial aspects of housing development? Management of real estate development? Oversight of design & construction management? Marketing & intake? Property management (if applicable)? Are staff encouraged to obtain training and develop new skills? What is their potential for learning skills that they currently do not have?
- e. Board expertise/skills – Do board members have professional skills directly relevant to housing development (e.g., real estate, legal, architecture, finance, management)?

Has the board demonstrated the ability to make timely decisions? Is there a good relationship between board and staff? Does the board have a committee structure or other means of overseeing planning and development? Has there been stability/continuity of board members over the last several years?

- f. Project specific capacity for marketing & sale of homebuyer units or operation of rental units – If a homebuyer project, does the entity have the experience and capacity to market the units and counsel and qualify homebuyers? If a rental project, does the entity have the experience and capacity to oversee the marketing, management and ownership of the project?

4. Development Team Capacity

- a. Development team roles – Are all of the key development team roles filled with qualified individuals or firms?
- b. Partner/consultant – Does the entity have a need for a partner or a consultant to supplement its skills and help it to ensure success, while still maintaining development control?
- c. Prior experience – Do team members have prior experience directly relevant to the proposed project?
- d. Experience working together – Have the team members worked together before or demonstrated the ability to work effectively as a team?

5. Fiscal Soundness

- a. Financial management – Is there evidence that the entity meets the financial accountability standards of the Federal Uniform Requirements (2 CFR 200.302, 303, and Subpart E)? Does it do annual budgeting of its operations and all activities or expenses? Does it & safeguarding of activities? Is financial forecast and monitor the 200.302, 303, activities or expenses? Does it & safeguarding of activities? Is financial forecast and monitor the
accountability standards of the Federal Uniform Requirements (2 CFR and Subpart E)? Does it do annual budgeting of its operations and all programs? Does it track and report budget v. actual income and have adequate internal controls to ensure separation of duties corporate assets? Is there sufficient oversight of all financial reporting regular, current, and sufficient for the board to financial status of the corporation?
- b. Financial stability – To what extent does the organization have a diversified and stable funding base for operations? How regularly does it experience cash flow problems?
- c. Liquidity – Does management know its current cash position and maintain controls over expenditures? Does the current balance sheet and budget indicate sufficient funds to supports essential operations? Does it have funds available for pre-development expenses capital advances required for development?
- d. Audit – Does the entity have an annual audit? Is the most recent audit current? Were there management or compliance findings in the last two years? Are findings resolved?
- e. Portfolio & corporate liabilities – If it has a portfolio of properties, are they in stable physical and financial condition or are they a drain on corporate resources? Are there assets at risk of default? Does it collect adequate revenues and management fees from the properties? Does it maintain adequate insurance –

liability, fidelity bond, workers comp, property hazard, & project? Write a summary of the properties in your portfolio addressing the topics in section 5.e.

6. Other Factors

- a. Community relations – How strong are the current reputation of the corporation and the relationship with the community? To what extent does NIMBY opposition exist to low income housing in the service area? To what extent do channels exist for the entity to negotiate with the community and potential opponents?
- b. Local government relations – How strong is the entity’s relationship with the local government? How strongly does local government support its housing activities?
- c. Lender relations – Does the entity have good working relationships with lenders, especially those who might participate in the proposed project?

APPENDIX B

APPENDIX B

BOARD OF DIRECTORS CHART

Please insert the following information for each of the organization's board members. Please indicate if they are either representatives of the low-income community or government employees. (Additional copies may be attached as necessary).

Name	Address	City	State	Phone Number	Employer	Low Income Representative (Yes/No)	Gov't Employee (Yes/No)

APPENDIX C

APPENDIX C

A Resolution similar to this Appendix is one of the ways to satisfy the organizational structure requirement in IV. C of this application.

MODEL PUBLIC INPUT RESOLUTION

The following is hereby resolved by the Board of Directors of

_____ ,

at a duly called meeting on _____ ,
(date)

at which a quorum was present:

The following provision is hereby added to the By-laws, and shall be designated as Article _____.

For any housing project undertaken by this organization there shall be a formal process by which we gather input from intended beneficiaries, low-income residents of the proposed area, and other community members. This process will include:

_____ holding widely publicized open meetings;

_____ creating ad hoc committees of neighbors of a proposed development sites;

_____ forming a neighborhood advisory council;

_____ temporarily expanding our governing board to include neighbors during the period of planning and development of the housing project;

_____ other: _____

Input will be sought on project design, location of sites, development, management, and any other relevant issues.

Name of Authorized Official: _____

Signature of Authorized Official: _____

Title of Authorized Official: _____

Date: _____

APPENDIX D

This Appendix is one of the ways to satisfy the organizational structure requirement in IV. C.

APPENDIX D

DESCRIPTION OF PROCESS FOR OBTAINING PUBLIC AND LOW-INCOME INPUT

Write a narrative describing your organization's process for obtaining input from the low-income community.

In what ways was low-income input sought and implemented in the past year and what were the results?

How have the low-income residents and program beneficiaries in your service area been involved with the entity to advise on policies and procedures, program design, site location(s), and the development and management of affordable housing?

Are there any unique approaches you have taken to obtain feedback from low-income residents?

Having low-income representatives on the board of directors does not satisfy the requirement to have a low-income advisory process. Your organization is required to have a process to collect input for the low-income community directly. If you have not formalized a process feel free to satisfy this requirement by executing the Board Resolution document provided in Appendix C.