

**POLICIES AND PROCEDURES
AND
APPLICATION FOR
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
(CHDO) CERTIFICATION**



**City of Erie
Department of Economic and Community Development
626 State Street, Room 404
Erie, Pennsylvania 16501**

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**POLICIES AND PROCEDURES FOR
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)
CERTIFICATION**

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I. INTRODUCTION

The National Affordable Housing Act of 1990 (the Act) created the HOME Investment Partnerships Program (HOME). The Act's objectives include promoting partnerships between states, local governments and nonprofit organizations and increasing the capacity of nonprofit organizations to develop and manage affordable housing.

To help achieve these objectives the Act requires that participating jurisdictions (PJs) set-aside at least 15% of their HOME funds for housing that is developed, owned, or sponsored by Community Housing Development Organizations (CHDOs). CHDOs are a specific type of nonprofit organization defined in the HOME Final Rule (24 CFR Part 92).

This application for CHDO certification covers the following topics:

- 1) Provides the HOME Program definition of a CHDO;
- 2) Outlines the criteria for qualifying as a CHDO;
- 3) Describes the eligible uses of CHDO set-aside funds;
- 4) Describes the DECD process for certifying CHDOs;
- 5) Provides supplemental material for organizations interested in becoming a CHDO and information on technical assistance available to nonprofits; and
- 6) Provides reference materials as appendices.

What is a CHDO?

A CHDO is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Locally certified CHDOs receive a formal designation from the City of Erie Department of Economic and Community Development (DECD) indicating that they meet certain HOME Program requirements and therefore are eligible to apply for HOME funding. The HOME Program definition of a CHDO is found at [24 CFR Part 92.2](#). A copy of the HOME regulation (24 CFR Part 92) can be accessed at <https://www.ecfr.gov>.

Why become a designated CHDO?

Federal HOME Funds are available through DECD exclusively for qualified, eligible CHDO projects and operating expenses. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set aside only for CHDOs. CHDO set-aside funds may provide equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs and provide guaranteed resources for affordable housing development.

Where to apply for CHDO designation?

In order to be a locally certified CHDO, the applicant must delineate the geographic area within the corporate limits of Erie in which it plans to develop a HOME eligible project.

How to apply for CHDO Designation

Obtain a City of Erie CHDO Application, Checklist, and Certification by one of the following methods:

1. Download Application materials from the City of Erie website www.erie.pa.us
2. Email an application request to dsmith@erie.pa.us
3. Contact Debra Smith by telephone at (814) 870-1274

Applications are accepted by the City of Erie throughout the year for new CHDO applicants. CHDO Certifications are completed for *each* HOME-assisted project prior to entering a HOME commitment.

II. DEFINITION OF A CHDO

The HOME Program definition of a CHDO is found in 24 CFR 92.2 (see Appendix A of this Application).

The definition outlines the criteria that an organization must meet to qualify as a CHDO. The criteria focus on the legal status of the organization, its capacity and experience, the organizational structure, and the relationship of the CHDO to for-profit entities. The CHDO Checklist (Appendix B) outlines these criteria in detail. The following is a summary of some of the key criteria to qualify as a CHDO.

Legal Status

- 1) The CHDO must be organized under state law.
- 2) One of the purposes of the organization must be the provision of decent housing that is affordable to low-income and moderate-income persons.
- 3) The CHDO must have nonprofit status under §501(c)(3) or (4) of the Internal Revenue Code of 1986.
- 4) The organization must have a clearly defined geographic service area within the corporate limits of the City of Erie in which it plans to develop a HOME-eligible project.

Capacity and Experience

This application reflects the 2013 HOME Appropriation Act and HOME Final Rule (as amended) Capacity and Experience Requirements.

Experience:

- 1) The CHDO must have at least one year of experience serving the community.
- 2) The organization must show that its key staff members have the capacity to implement housing activities.
- 3) The CHDO must have financial management systems that meet the federal uniform standards outlined in 2 CFR 200. The most recent version of the Uniform Administrative Requirements may be obtained at <https://www.ecfr.gov>.
- 4) The CHDO must have completed at least one *CHDO-eligible* development in the past two (2) years. Eligible developments are: Acquisition and/or rehabilitation of rental housing; Construction of new rental housing; Acquisition and/or rehabilitation of properties for home ownership; and new construction for home ownership.

Organization Structure

- 1) At least one-third of the organization's board of directors must be representatives of the low-income community; no more than one-third can be representatives of the public sector.
- 2) The CHDO must also involve low-income program beneficiaries in affordable housing project design. (This is in addition to serving on the board of directors.)

Relationship to For-Profit Entities

The CHDO cannot be controlled by for-profit organizations or individuals (See Appendix A).

III. THE CHDO SET-ASIDE

At least 15% of DECD's HOME allocation must be invested in housing developed, owned, or sponsored by a CHDO (see Section IV). Other nonprofit organizations not meeting CHDO criteria can receive HOME funding for projects they develop, own, or sponsor, but these projects do not count toward the CHDO set-aside. CHDOs and other nonprofits can also receive HOME funds as a subrecipient but these funds also do not count toward the 15% CHDO set-aside.

Eligible and Ineligible CHDO Set-Aside Activities

Only certain types of activities count toward the 15% set-aside. The **eligible** activities (when carried out by a CHDO acting as a developer, owner or sponsor) are:

- 1) Acquisition and/or rehabilitation of rental housing;
- 2) Construction of new rental housing;
- 3) Acquisition and/or rehabilitation of properties for home ownership;
- 4) New construction for home ownership.

The following activities are **not eligible** for the CHDO set-aside:

- 1) Tenant-based rental assistance;
- 2) Rehabilitation of owner-occupied properties;
- 3) Direct home buyer assistance for existing housing (not developed, owned, or sponsored by the CHDO).

CHDO as a Subrecipient

CHDOs may play the role of a "subrecipient," which undertakes all other HOME-eligible activities. Activities performed as a subrecipient cannot be undertaken with, nor do they count toward, the 15 percent CHDO set-aside. Being a HOME subrecipient is not the same as being a subrecipient in the Community Development Block Grant Program. A HOME subrecipient is an entity selected by the PJ to administer some aspects of a HOME Program (for example, to screen projects, market activities, review and certify tenant income, counsel potential homebuyers, etc.), or an entire HOME activity (i.e., manages a tenant based rental assistance program or reviews requests for HOME funds for the rental housing production set-aside).

When a CHDO is acting in the capacity of a HOME sub-recipient, it may not also receive HOME funds to develop, sponsor, or own housing funded through the sub-recipient activity it is administering. Doing so constitutes a conflict of interest for the CHDO. For example, if a CHDO is distributing funds for a rental program for a PJ (as a sub-recipient), the CHDO may not grant itself money for rental projects it is developing.

IV. ALTERNATIVE CHDO ROLES

The 15% CHDO set-aside can only be used for projects in which a CHDO is the developer, owner, or sponsor. The CHDO must have demonstrated development capacity to undertake development of a project in order to receive CHDO funds, regardless of whether the CHDO would be the "owner," "developer," or "sponsor" of the project.

Additionally, the 2013 Rule codifies these definitions, with a significant modification to the definition of "owner" of rental housing as detailed below.

- **Owner of rental housing.** A CHDO that is an "owner" of rental housing is defined at §92.300(a)(2). The CHDO is required to own (in fee simple absolute or long-term ground lease) multifamily or

single family housing that is rented to low-income families, in accordance with §92.252. The CHDO must own the HOME project during development and throughout the period of affordability, and is required to oversee all aspects of the development process. At a minimum, the CHDO can own the property and hire a project manager or contract with a development contractor to oversee all aspects of the development. Under the 2013 Rule at §92.300(a)(2), a CHDO is also permitted to acquire housing that is in standard condition (and meets the property standards at §92.251) provided it owns the housing throughout the affordability period. This new definition facilitates participation of community-based nonprofit organizations that have the capacity to own and operate affordable rental housing in their communities, but do not have the capacity to develop such housing. Consequently, this new definition creates additional opportunities for nonprofit organizations to access the CHDO set-aside funds to address their neighborhoods' affordable housing needs. The new definition of "owner" should also assist rural States, which consistently experience great difficulty in developing and retaining capable CHDOs.

- **Developer of rental housing.** A CHDO that is a "developer" of rental housing is defined at §92.300(a)(3). The CHDO is the owner (in fee simple absolute or long-term ground lease) and developer of the project and must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs. The CHDO must own the HOME-assisted housing during the development process and throughout the period of affordability.

This is a change from the pre-2013 Rule in that the CHDO must own the property; it no longer has the option to be under contract with an owner to develop the property.

- **Sponsor of rental housing.** The 2013 Rule provides two definitions of a "sponsor" of HOME-assisted rental housing:
 1. §92.300(a)(4) clarifies the requirement for CHDOs to maintain effective project control when acting as "sponsor" of rental housing. A CHDO "sponsors" rental housing when the property is "owned" or "developed" by:
 - a. A subsidiary of the CHDO (in which case the subsidiary, which may be a for-profit or nonprofit organization, must be wholly owned by the CHDO);
 - b. A limited partnership (in which the CHDO or its wholly owned subsidiary must be the sole general partner); or
 - c. A limited liability company (in which the CHDO or its wholly owned subsidiary must be the sole managing member).

If the limited partnership or limited liability company agreement permits the CHDO to be removed as sole general partner or sole managing member, respectively, the agreement must require that the removal be "for cause" and that the CHDO must be replaced by another CHDO. In addition, HOME funds must be provided to the entity that owns the project.

2. §92.300 (a)(5) codifies the pre-2013 Rule definition of "sponsor." It states that a CHDO "sponsors" HOME-assisted rental housing in situations in which the CHDO owns and develops the housing and agrees to convey the housing to a private nonprofit organization (that does not need to be a CHDO but cannot be created by a governmental entity) at a predetermined time after completion of the project development. Such arrangements typically occur when a CHDO has development expertise and the nonprofit organization has the capacity to own and operate the housing. The CHDO is required to own the property before the development phase of the project and is required to select the nonprofit organization before entering into an agreement with the PJ that commits HOME funds to the project. The

nonprofit organization assumes the CHDO's HOME obligation (including any repayment of loans) for the project. If the property is not transferred to the nonprofit organization, the CHDO sponsor remains liable for the HOME assistance and the HOME project.

- **Developer of housing for homeownership.** For HOME-assisted homebuyer projects, the housing is "developed" by the CHDO if it is the owner (in fee simple absolute) and developer of new housing that will be constructed or existing substandard housing that is owned or will be acquired by the CHDO and rehabilitated for sale to low-income families, in accordance with §92.254. To be the "developer," the CHDO must arrange financing for the project and be in sole charge of construction. As part of its set-aside funds, the CHDO can provide direct downpayment assistance to a buyer of the housing it has developed with HOME funds in an amount not to exceed 10 percent of the amount of HOME development funds. In this role, the CHDO is not a subrecipient. This definition is very similar to the pre-2013 definition.
- **Sponsor of housing for homeownership.** Under the pre-2013 Rule a CHDO was able to serve as a "sponsor" of homebuyer housing. There is no equivalent "sponsor" role for homebuyer housing in the 2013 Rule.

V. PROCESS FOR CHDO CERTIFICATION

HUD requires that CHDOs be recertified for *each* HOME project. To be considered for CHDO Certification, the agency must have a **specific local project** identified that is eligible under the HOME regulations and in alignment with the City's Five Year Consolidated Plan.

- 1) Complete the CHDO Checklist (Appendix B and C) and provide the required supporting materials. Submit the requested information to DECD. If the agency is applying to be certified as a CHDO for several projects, only one copy of the materials is needed.
- 2) DECD will review the application materials for completeness for *each* HOME project to verify the agency qualifies as a CHDO under current HUD HOME regulations and underwriting guidelines. DECD will contact the agency for additional information if application materials are incomplete, outdated, or do not provide adequate information for DECD to confirm the agency meets requirements.
 - a. If DECD confirms the agency meets the CHDO Certification requirements, DECD staff will maintain documentation of the Certification in the project's underwriting file.
 - b. If DECD determines that an agency does not meet the CHDO requirements for a project, the agency will be notified in writing with causes for not meeting the qualifications and possible actions the agency could take to meet the criteria.

VI. TECHNICAL ASSISTANCE AVAILABLE TO CHDOs

DECD Agency staff members are available to assist CHDOs in structuring project proposals to best meet Agency program requirements as well as to assist CHDOs in implementing these projects once they are funded.

CHDO APPLICATION REQUIRED MATERIALS

- CHDO Checklist (Appendix B)
 - Charter
 - Articles of Incorporation
 - By-laws (include amendments/resolutions)
 - 501(c)(3) or (4) certificate from the IRS or group exemption letter from the IRS under Section 905 of the Internal Revenue code
 - Financial standards documentation
- CHDO Staff Experience & Capacity narrative and documents (Appendix C)
- CHDO Board Chart (Appendix D)
- Executed Low-Income Certifications Forms for each board member (Appendix E)

Submit required documentation to:

Debra Smith, Grant Administrator
City of Erie
Department of Economic and Community Development
626 State Street, Room 404
Erie, PA 16501-1228

APPENDIX A

APPENDIX A

EXCERPT FROM HOME INVESTMENT PARTNERSHIPS PROGRAM 24 CFR 92.2 DEFINITIONS, AS MAY BE AMENDED

Current regulations available at www.ecfr.gov

Community housing development organization means a private nonprofit organization that:

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
 - i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm;
 - ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
 - iii) The Community housing development organization must be free to contract for goods and services from vendors of its own choosing; and
 - iv) The officers and employees of the for-profit entity may not be officers or employees of the Community Housing Development Organization;
4. Has a tax exemption ruling from the Internal revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1)), is classified as subordinate of a central organization non-profit under Section 905 of the Internal Revenue Code of 1986, or if the private non-profit organization is a wholly-owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under Section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of "Community Housing Development Organization;
5. Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian Tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority), and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a Community Housing Development Organization; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a Community Housing Development Organization;
6. Has standards of financial accountability that conform to 2 CFR 200.302, 'Financial Management' and 2 CFR 200.303, 'Internal Controls';
7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by- laws;

8. Maintains accountability to low-income community residents by:
 - i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood, or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
 - ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
9. Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a Community Housing Development Organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate the capacity to act as owner of a project and meet the requirements of 92.300(a)(2). A non-profit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization; and
10. Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

APPENDIX B

**APPENDIX B
CHDO CHECKLIST**

The information in this checklist refers to a Community Housing Development Organization (CHDO) as defined in Subpart A. Section 92.2 of the HOME Final Rule (24 CFR Part 92). Other information applicable to CHDOs is found in Subpart G of the Rule.

Please note: The CHDO must be certified every time funds are committed to a project.

I. CONTACT INFORMATION

Organization Name: _____

Project Name: _____

Phone Number: _____

Mailing Address: _____

Executive Director: _____

E-Mail Address: _____

Service Area: _____

LEGAL STATUS

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

II. CAPACITY

- A. The nonprofit organization conforms to the uniform financial accountability standards (including 2 CFR 200.302 “Financial Management” and 2 CFR 200.303 “Internal Controls”) 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 C.
- Narrative in Appendix C

III. ORGANIZATION STRUCTURE

- A. The nonprofit organization maintains at least one-third of its governing board’s membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organization’s: *Please provide all that apply:
- By-Laws Charter Articles of Incorporation
- B. It provides information on current Board of Directors (which must conduct a minimum of four meetings per year) as evidenced by:
- A completed Board of Directors Chart (see Appendix D)
- Certification of Low-Income Representation (one form for each low-income representative on the Board)(see Appendix E)
- C. 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 G) A written statement of operating procedures approved by the governing body
- A description of your formal process for obtaining low-income input (Appendix F)
- Approved CHDOs must maintain records that show the formal process has been followed for all projects receiving HOME funds from DECD.
- D. A CHDO may be chartered by a government. In this case the following restrictions apply: (1) The local government may not appoint more than one-third of the membership of the organization’s governing body; (2) the board members appointed by the local government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the

governing board members are public officials. This is evidenced in at least one of the following documents.

- Charter Articles of Incorporation
 By-Laws Not applicable because this organization is not chartered by a unit of government

E. A CHDO may be sponsored or created by a for-profit entity. In this case the following restrictions apply: (1) The for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body; and (2) the board members appointed by the for-profit entity may not, in turn, appoint that remaining two-thirds of the board members. This is evidenced in at least one of the following documents:

- Charter Articles of Incorporation
 By-Laws Not applicable because this organization is not sponsored or created by a for-profit entity

IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES

A. The CHDO 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)

B. A CHDO may be sponsored or created by a for-profit entity. The for-profit entity's primary purpose does not include the development or management of housing, as evidenced by the following:

- Not Applicable In the for-profit organization's By-Laws

V. 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 "CHDO Checklist, Administrative Audit and Legal Issues."

VI. CERTIFICATIONS

By signing below:

- a. the Applicant Organization certifies that the information provided in this application for certification as a Community Housing Development Organization 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 C

APPENDIX C

CHDO Staff Experience & Organizational Capacity Checklist

CHDO requirements under the 2013 HOME Appropriation law are more rigorous than previous years. Now, in addition to meeting all the usual standards to be a CHDO, an organization must also demonstrate that it has adequate capacity and experience to take on the specific project for which it is applying for CHDO status. 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. **Staff classification and documentation** – To be counted as staff, the person must be employed by the CHDO, and documentation is needed.
 - a. Full time or part time employment – This would be evidenced by a payroll report or a W-4 or a W-2.
 - b. Contracted staff – This would be evidenced by a “contract” for employment and a W-9 and 1099 (at the end of a year).

Submit this documentation for each of the staff people who will be working on the project for which you're applying for funding. This is evidence that the key people who will be working on this project really are staff or contracted staff, and are not merely consultants, volunteers, or board members. Characteristics of consultants are: they have a specific contractual engagement for this activity or project, they are time-limited, they have discrete tasks not related to general operations, and they have limited or no authority to act on behalf of the CHDO. Indicators that the person is genuine staff are: they are responsible for day-to-day organizational duties for this project and beyond, they have authority to act on behalf of the CHDO for day-to-day decisions (e.g., approving contracts, payments, and change orders), and they oversee the development team (i.e. consultants).

2. **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?

Submit documentation 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 as to which functions the staff person has performed in the past that they will be performing on this project, DCED will request a written description of how the experience on the resume parallels the work on this project. At least one staff person is expected to have experience in each of the major areas of rental development listed in 2.b.

Staff are sometimes shared with organizations in a parent/subsidiary relationship. Examples are where the CHDO 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, submit documentation of the relationship between the agencies by including an inter-agency agreement with your application that specifies staff (with their experience), specifies services and day-to-day responsibilities and authority, and specifies the payment for services.(If this organization does not have shared-staff, just indicate this in your response.)

Developer Capacity & Fiscal Soundness

3. Past and current performance

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

continue to

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 CHDO-eligible development in the last 2 years.

4. Capacity – CHDO Organization

- a. Organizational structure – Can the current corporation 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 CHDO, and not by the organization sharing the CHDO's staff.

- b. Management structure/practices – Does the current management have the ability to manage additional development activities? Are the corporate lines of authority for governing development activities clear? Are policies & procedures in place development activities?
- c. Pipeline/portfolio – What does the CHDO 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 CHDO have the experience and capacity to market the units and counsel and qualify homebuyers? If a rental project, does the CHDO have the experience and capacity to oversee the marketing, management and ownership of the project?

5. 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 CHDO 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?

6. Fiscal Soundness

a. Financial management – Is there evidence that the CHDO meets the federal financial standards? Does it do annual budgeting of its operations and all activities or programs? Does it track and report budget v. actual income and expenses? Does it have adequate internal controls to ensure separation of duties & safeguarding of corporate assets? Is there sufficient oversight of all financial activities? Is financial reporting regular, current, and sufficient for the board to forecast and monitor the 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 CHDO management know its current cash position and maintain controls over expenditures? Does the current balance sheet and budget indicate

for pre- sufficient funds to supports essential operations? Does it have funds available development expenses capital advances required for development?

resolved? d. Audit – Does the CHDO have an annual audit? Is the most recent audit current? Were there management or compliance findings in the last two years? Are findings

e. Portfolio & corporate liabilities – If it has a portfolio of properties, are they are 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? Include a summary of the properties in your portfolio which addresses the topics in 6.e.

7. 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 (Not In My Back Yard) opposition exist to low income housing in the service area? To what extent do channels exist for the CHDO to negotiate with the community and potential opponents?
- b. Local government relations – How strong is the CHDO’s relationship with the local government? How strongly does local government support its housing activities?
- c. Lender relations – Does the CHDO have good working relationships with lenders, especially those who might participate in the proposed project ?

APPENDIX D

APPENDIX D

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 E

APPENDIX E
CERTIFICATION OF LOW-INCOME REPRESENTATION

Each board member representing the interests of low-income families in the Applicant's service area must complete this certification. Please maintain a copy of this certification in your files and send a copy to DECD. Note: the board member needs to check at least one of the three criteria listed below but does not need to indicate the specific way in which he or she represents low-income community interests.

Board Member Name: _____

I certify that I am a current member in good standing of the governing board for _____ (name of the CHDO organization seeking certification) and that I represent the interests of low-income families in the Applicant's service area.

Date Completed: _____

Signature: _____

Please check and complete one of the following:

_____ I am a low-income resident of _____, a community in the Applicant's service area.

In order to qualify under this criteria, the board member must be a low-income resident of a community that the CHDO is planning to serve or is currently serving. Low-income is defined as 80% or less of area median family income.

OR

_____ I am a resident of a low-income neighborhood in _____, a community in the Applicant's service area.

In order to qualify under this criteria, the board member must live in a low-income neighborhood where 51% or more of the residents are low-income. The board member does not have to be low-income.

OR

_____ I am an elected representative of _____, a low-income neighborhood organization within _____, a community in the Applicant's service area.

In order to qualify under this third criteria, the person must be elected by a low-income neighborhood organization to serve on the CHDO Board. The organization must be composed primarily of residents of a low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include neighborhood associations and neighborhood watch groups. The group must be a neighborhood organization and IT MAY NOT BE THE CHDO ITSELF. If the applicant is representing a low-income neighborhood organization, please attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO.

APPENDIX F

APPENDIX F
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 CHDO 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 to satisfy this requirement, your organization may execute a Board Resolution to be submitted to DCED (see example in Appendix G).

APPENDIX G

**APPENDIX G
MODEL PUBLIC INPUT RESOLUTION**

A Resolution similar to this Appendix is one of the ways to satisfy the organizational structure requirement noted in Appendix B. III of this application.

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: _____