

**APPLICATION FOR
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
(CHDO)
CERTIFICATION**



**City of Goldsboro
Community Relations and Development
214 N. Center Street
Goldsboro, NC 27530**

**APPLICATION 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 City of Goldsboro 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.

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 (see 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 people.
- 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 that is not the whole state.

Capacity and Experience

This application has been updated to reflect the 2013 HOME Appropriation Act 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 standards outlined in 24 CFR 84.21. The most recent version of OMB Circulars A-110 (24 CFR 84) and A-133 may be obtained at [CIRCULAR A-110 REVISED 11/19/93 As Further Amended 9/30/99 | The White House \(archives.gov\)](https://www.archives.gov/omb/circulars/a110-revised-11-19-93-as-further-amended-9-30-99) or by contacting the City of Goldsboro (The City).
- 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.

Organizational 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 with 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 the City’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; and
- 3) Direct home buyer assistance for existing housing (not developed, owned, or sponsored by the CHDO).

CHDO as a Subrecipient

A CHDO, as well as other organizations, may also participate in the HOME-funded programs as a subrecipient. Basically, this occurs when a CHDO undertakes an activity that is not an eligible activity for the CHDO set-aside (e.g., housing rehabilitation for owner-occupants). In these projects the CHDO enters into a contract with the City to administer all or part of a program for the City.

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.

CHDO as a Developer

A CHDO is a “developer” when it either owns a property and develops a project or has a contract with a property owner to develop a project. The CHDO must perform all the functions usually expected of for-profit developers as well as assume all the risks and rewards associated with being a developer.

- 1) **Rental Housing:** For rental projects the CHDO must obtain financing and build or rehabilitate the project. If it owns the property, the CHDO may maintain ownership and manage the project over the long term, or it may transfer the project to another entity for management.
- 2) **Home Ownership:** For home ownership projects the CHDO must obtain financing and build or rehabilitate the units. Title to the property and HOME obligations must be transferred to qualified home buyers within a specified time frame of project completion.

CHDO as an Owner

A CHDO may be considered an “owner” of a rental development. The CHDO is an owner when it has valid title or a long-term leasehold interest (at least 99 years). A CHDO can own a rental property with other legal entities (including, but not limited to, individuals, corporations, and partnerships). If it owns the project in partnership, the CHDO or its wholly owned nonprofit or for-profit subsidiary must be the managing general partner with effective control (i.e., decision making authority) of the project. The CHDO may be both owner and developer or may have another entity as the developer.

CHDO as a Sponsor

A CHDO may be a “sponsor” for either a rental or a home ownership project. When a CHDO is a sponsor, it must always own the property prior to the development phase of the project.

- 1) **Rental Housing:** The CHDO (or another entity) develops a project that the CHDO solely or partially owns and agrees to convey ownership to a second nonprofit organization at a predetermined time prior to or during development or upon completion of the development of the project. The HOME funds are invested in the project owned by the CHDO. The CHDO sponsor selects prior to commitment of the HOME funds the nonprofit organization that will obtain ownership of the property.
- 2) **Home Ownership:** The CHDO owns a property and transfers responsibility for development to another nonprofit organization at a specified time in the development process. The second nonprofit transfers title to the property and HOME obligations to qualified home buyers within a specified time frame.

For a more detailed description of the alternative CHDO roles, see HUD Notice CPD 97-11.

V. PROCESS FOR CHDO CERTIFICATION

The following is the process for obtaining City CHDO certification:

- 1) Complete the CHDO Checklist (Appendix B) and provide the required supporting materials.
- 2) Submit the Application material and the CHDO Checklist to the City for staff to review.
- 3) If the Application material submitted is complete and meets the criteria for qualifying as a CHDO (as described in Section II of this Application and in the CHDO Checklist) the City will notify the organization in writing that it has been certified as a CHDO.
- 4) If the Application is not complete or if the organization does not meet the requirements for CHDO certification, a letter will be sent to the organization which describes what it must do to meet the certification criteria.
- 5) City-certified CHDOs will be asked to recertify their CHDO status annually by providing updated information on the organization and its projects to ensure that the organization still meets the criteria for CHDO status after certification.
- 6) To apply for HOME Set-Aside Funds from the City your organization must be a certified CHDO. **Please note that receiving CHDO certification does not guarantee that your organization will receive HOME funds.**

VI. TECHNICAL ASSISTANCE AVAILABLE TO CHDOs

City staff members are available to assist and advise CHDOs on how to best meet City program requirements.

Non-profits (including CHDOs) may also be eligible to receive technical assistance from other organizations including:

- Training and Development Association;
- North Carolina Rural Economic Development Center;
- The Affordable Housing Group of North Carolina;
- North Carolina Department of Commerce, Division of Community Assistance;
- North Carolina Community Development Initiative; and
- North Carolina Association of Community Development Corporations.

APPENDIX A

EXCERPT FROM HOME INVESTMENT PARTNERSHIPS PROGRAM FINAL RULE 24 CFR 92.2 DEFINITIONS as of June 15, 2015

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:
 - a. 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;
 - b. 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;
 - c. The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and
 - d. 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 a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, or if the private nonprofit organization is an 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 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 24 CFR 84.21, “Standards for Financial Management Systems;”
- 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:
 - a. 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 multicounty area (but not the entire State); and
 - b. 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 capacity to act as owner of a project and meet the requirements of §92.300(a)(2). A nonprofit 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

CHDO CHECKLIST

The information contained 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 submit this form and the required documentation to (you may scan and submit via email):

Felecia Williams, Community Relations and Development Director
City of Goldsboro
Community Relations and Development Department
P.O. Drawer A
Goldsboro, NC 27533-9701
Phone: 919-580-4360
E-Mail: fdwilliams@goldsboronc.gov

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

I. CONTACT INFORMATION

Organization Name:	
Mailing Address:	
Phone:	
Service Area(s):	

II. 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 inures 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

III. CAPACITY

A. The nonprofit organization conforms to the financial accountability standards of Attachment F of OMB Circular A-110, "Standards for Financial Management Systems" 24 CFR 84.21, as evidenced by:

A notarized statement by the president or chief financial officer of the organization

A certification from a 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

Note: Please complete the "Standards for Financial Management Systems" Questionnaire and submit with the application (See Appendix E).

C. Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

Resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds, or

Contract(s) with consulting firms or individuals who have housing experience similar to projects to be assisted with HOME funds to train appropriate key staff of the organization.

D. Has a history of serving the community where housing to be assisted with HOME funds will be used, evidenced by:

Statement that documents at least one (1) year of experience in serving the community, or

For newly created organizations formed by local churches, service, or community organizations, a statement that documents that its parent organization has at least one (1) year of experience in serving the community.

Note: The CHDO or its parent organization must be able to show one (1) year of serving the community from the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as developing new housing, rehabilitating existing stock, and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president of the organization or by a HUD-approved representative.

IV. 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

By-laws Charter Articles of Incorporation

Under the HOME program, for urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas "community" is defined as one or several neighborhoods, a town, village, county or multi-county area (but not the entire state).

- B. It provides information on current Board of Directors 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 F)

Note: Please complete the Certification of Board Status Form and Board Member Certification Form located in Appendix F and return with the application. Under the HOME program, for urban areas, the term "community" is defined as one or several neighborhoods, a town, village, county or multi-county are (but not the entire state).

- 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

Resolutions (See sample Model Resolution in Appendix G)

Written statement of operating procedures approved by the governing body.

D. A CHDO may be chartered by a State or local government, however, the State or local government may not appoint: (1) more than one-third of the membership of the organization's governing body; (2) the board members appointed by the State or 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 the 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 chartered by a unit of government.

V. **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

or

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

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 five (5) years? __Y__N
- B. Has your organization been involved in any lawsuits? __Y__N
- C. Are there any outstanding judgments against your organization? __Y__N
- D. Has your organization defaulted on any loans in the past five (5) years? __Y__N
- E. Has your organization had any audit findings in the past five (5) years? __Y__N

If you answered “Yes” to any of the above questions, attach a complete explanation labeled as “Appendix H”.

VII. CERTIFICATIONS

By signing below:

- A. The Applicant Organization certifies that the information provided in this application for certification as a City Community Housing Development Organization is true and complete;
- B. The Applicant Organization understands that the City 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 City 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 the City.

Name of Authorized Official: _____

Signature of Authorized Official: _____

Title of Authorized Official: _____

Date: _____

APPENDIX C

CHDO STAFF EXPERIENCE AND ORGANIZATIONAL CAPACITY

Notes: HUD and HUD's consultants provided this checklist because the 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.*

This checklist is what HUD recommends as adequate evidence to demonstrate capacity and experience requirements are met.

The City of Goldsboro (The City) is required to collect (and keep) documentation that your organization has met HUD's requirements of capacity and experience. We intend to fulfill this requirement by having each organization that applies for funds as a CHDO write a narrative response which addresses each of the questions HUD included on its checklist.

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).

Note: Please 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?

Notes: You are applying for funds for rental development (not homeownership). We need you to 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 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 2.b. The more explicitly you can draw those parallels in your summaries, the easier the CHDO certification process will be for both you and City staff.

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 (e.g., VOA, Habitat), 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 the City. (If this organization is not one with shared staff, please merely indicate this in your response.)

Developer Capacity & Fiscal Soundness

1. 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 in 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?

Note: Please write up a summary of your past and current performance on rental development projects. As part of that summary please list any projects that you've worked on in which the City has been a partner, so we can follow up with City staff involved with those projects and confirm that your understanding of adequate performance matches their understanding of your performance. The City of Goldsboro expects that the organization will have done at least one CHDO-eligible development in the last two (2) years.

2. 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?

Note: Please 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) please 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 development activities clear? Are policies & procedures in place governing development activities?

Note: Please write a paragraph (or more if necessary) explaining how your organization is on solid ground regarding its management structure and practices.

- 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?

Note: Please write a paragraph (or more if necessary) explaining how your organization is on solid ground regarding its pipeline/portfolio.

- 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?

Note: Please write a paragraph (or more if necessary) explaining how your organization is on solid ground regarding its staff capacity.

- 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 the 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?

Note: Please write a paragraph (or more if necessary) explaining how your organization is on solid ground regarding the expertise and skills of its board.

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

Note: You are applying to be a CHDO on a homeowner unit or rental development. Please write a paragraph (or more if necessary) explaining how your organization is on solid ground regarding the operation of either homeowner or rental units.

3. 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?

Note: Please write a paragraph (or more if necessary) about the organization's development team capacity, addressing these topics.

4. Fiscal Soundness

- a. Financial management – Is there evidence that the CHDO meets the 84.21 standards? Does it do annual budgeting of its operations and all activities or programs? Does it track and report budget CHDO 2015 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?

Note: Please write an explanation of your organization's financial management that addresses the topics in paragraph 4.a. above.

- 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?

Note: Please write a paragraph (or more if necessary) of your organization's financial stability that addresses the topics in 4.b.

- c. Liquidity – Does CHDO management know its current cash position and maintain controls over expenditures? Does the current balance sheet and budget indicate sufficient funds to support essential operations? Does it have funds available for pre-development expenses and capital advances required for development?

Note: Please write a paragraph (or more if necessary) of your organization's liquidity that addresses the topics in 4.c.

- 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 resolved?

Note: Please write a paragraph (or more if necessary) about your organization's audit that addresses the topics in 4.d.

- 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?

Note: Please write a summary of the properties in your portfolio which addresses the topics in 4.e.

5. Other Factors

- a. Community relations – How strong are the current reputation of the corporation and the relationship with the community? To what extent does 'Not In My Backyard' NIMBY 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?

Note: Please write a paragraph (or more if necessary) about your organization's community relations which addresses the topics in 5.a.

- b. Local government relations – How strong is the CHDO's relationship with the local government? How strongly does local government support its housing activities?

Note: Please write a paragraph (or more if necessary) about your organization's local government relations which addresses the topics in 5.b.

- c. Lender relations – Does the CHDO have good working relationships with lenders, especially those who might participate in the proposed project?

Note: Please write a paragraph (or more if necessary) about your organization's lender relations which addresses the topics in 5.c.

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 a public member.
(Additional copies may be attached as necessary)

Name	Address	City	State	Phone Number	Employer	Low-Income Rep. (Yes/No)	Public Member (Yes/No)

APPENDIX E

FINANCIAL AND PROGRAM MANAGEMENT

§ 84.20 Purpose of financial and program management

Sections 84.21 through 84.28 prescribe standards for financial management systems, methods for making payments and rules for: satisfying cost sharing and matching requirements, accounting for program income, budget revision approvals, making audits, determining allow ability of cost.

§ 84.21 Standards for financial management systems.

- a. HUD shall require recipients to relate financial data to performance data and develop unit cost information whenever practical.
- b. Recipients' financial management systems shall provide for the following:
 1. Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in §84.52. If a recipient maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop accrual data for their reports on the basis of an analysis of the documentation on hand.
 2. Records that adequately identify the source and application of funds for federally sponsored activities. These records shall contain information per to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.
 3. Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure them they are used solely for authorized purposes.
 4. Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data.
 5. Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (Pub. L. 101-453) govern, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR part 205, "Withdrawal of Cash from the Treasury for Advances under Federal Grant and Other Programs."

6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
 7. Accounting records including cost accounting records that are supported by source documentation.
- c. Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, HUD, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.
 - d. HUD may require adequate fidelity bond coverage where the recipient lacks sufficient coverage to protect the Federal Government's interest.
 - e. Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, "Surety Companies Doing Business with the United States."

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“Standards for Financial Management Systems” 24 CFR 84.21 and Questionnaire

Refer to link for regulation (24 CFR 84.21):

[24 CFR 84.21 – Standards for financial management systems. – Content Details – CFR-2004-title24-vol1-sec84-21 \(govinfo.gov\)](#)

Organization Name:		
Mailing Address:		
Phone:	Fax:	Email:

Person Completing Questionnaire:	
Chief Financial Officer:	Phone:

INSTRUCTIONS:

Please complete the questions below with as much detail as necessary. Please attach additional documentation when requested.

1. On what basis are financial records maintained? If other than accrual, can pertinent accrual data be developed for reports on the basis of an analysis of the records on hand?

2. How do your records identify the source and application of funds for federal sponsored activities? What is captured in the records? (i.e., award amounts, grantee authorizations, obligations, outlays, etc.)?

3. What controls are in place to adequately account for and safeguard funds, property and other assets and to assure they are solely used for authorized purposes?

4. Do you have a budget system? If not, what procedures do you have in place to provide a comparison of outlays with budget amounts for each award?

5. What procedures do you have in place to relate financial information to performance and unit cost data?

6. Please provide written policies on your cash management procedures.

7. What controls are in place to determine whether disbursements are reasonable and allowable under grant programs?

8. What accounting systems do you have in place to ensure that all accounting records are supported by source documentation (i.e., accounting software)?

I hereby certify that the responses to the above questions are true and accurate.

Name of Authorized Official: _____

Signature of Authorized Official: _____

Title of Authorized Official: _____

Date: _____

APPENDIX F

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 the City. 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 these 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 these 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 criterion, 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 block groups, 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.

DESCRIPTION OF PROCESS FOR OBTAINING LOW-INCOME INPUT

Please 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, feel free to satisfy this requirement by executing the Board Resolution document provided in Appendix G.

APPENDIX G

A Resolution similar to this Appendix is one of the ways to satisfy the organizational structure requirement in IV. C of this 2023 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 site;
- _____ 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: _____