



HOME CHDO Program

OPERATING EXPENSE GRANT PROGRAM

Program Policies and Guidelines

2024 – 2025



MHC 2024-2025

Operating Expense Grant Guidelines

HOME CHDO Program

Introduction

The Mississippi Home Corporation Development Fund (the “Fund”) recognizes that Community Housing Development Organizations (“CHDO” or “CHDOs”) are an integral part of its effort to provide affordable housing opportunities for low- to moderate-income families throughout the State.

The Fund’s 2024-2025 HOME CHDO Operating Expense Grant Program (the “Grant Program”) provides operating expense grants to eligible certified CHDOs that are receiving HOME CHDO set-aside funds or realistically anticipate receiving a commitment of HOME CHDO set-aside funds within 24 months under the Fund’s HOME Program.

2024-2025 CHDO Operating Expense Request for Applications (“RFA”)

In order to provide limited financial support to CHDOs interested in the development of affordable housing projects, the Fund is prepared to commit up to \$50,000, plus any unused CHDO Operating Expense Grant funds remaining from previous grant years, if applicable, through the Grant Program to promote the capacity of CHDOs to sponsor, own, and develop affordable housing projects and programs that are consistent with the goals and objectives of the 2020-2024 State Consolidated Plan.

The HOME CHDO Operating Expense Grant Agreement (the “Agreement”) will be a separate agreement from the regulatory agreement. Funds awarded must be expended prior to the end of the project completion date.

The Fund will award Grant Program funds on an as-needed basis taking into consideration the following six (6) criteria:

1. Need for Grant Program.
2. Feasibility of the proposed HOME-assisted CHDO set-aside project.
3. Capacity to complete HOME CHDO project(s) in a timely manner.
4. Experience and qualifications of paid employees.
5. Timeliness and accuracy of past draw submissions; and

6. Utilization rate of previous operating expense awards.

The Application will be evaluated by HOME Program staff for compliance with the minimum threshold criteria and guidelines established for the Grant Program and HOME Program regulations. A CHDO OE Application that does not contain all attachments will NOT be considered for funding unless the Applicant corrects or cures all deficiencies within seven (7) calendar days of the date of its notification of deficiency.

HOME Program staff will make a final recommendation regarding each CHDO OE Application, including the approved amount of Grant Program funds, to the Senior Vice President of Federal Grants Division. Written notices of the Fund's 2024-2025 Grant Program awards will be provided on or about November 13, 2024.

The Grant Program is subject to HUD's approval of the FY 2024 Formula Allocation of Funds. Please direct any questions regarding the Grant Program to Julie Brooks, Federal Grant Program Coordinator, at 601.718.4621, or julie.brooks@mshc.com. The required forms are available at <https://www.mshomecorp.com/federal-programs/home/CHDO/>

Summary

These guidelines provide the policies, procedures, and standards for the management and funding of Grant Program awards by the Fund. From time to time, HOME funds may be made available to provide general operating assistance to CHDOs that are receiving CHDO set-aside funds or anticipate receiving a commitment of CHDO set-aside funds within 24 months. The Fund has the option of allocating up to 5% of its annual HOME allocation to provide funds for CHDO operating expenses. This allocation of HOME funds does not count toward the required 15% CHDO set-aside funds that are to be used by a CHDO for projects.

These policies and procedures are based on HOME Program regulations and Fund policies. It is the responsibility of the CHDO to understand and ensure compliance with the applicable regulations, policies, and procedures. It is the intent of these guidelines to create a consistent and equitable system of providing operating assistance grants to State-certified CHDOs in Mississippi.

Objectives

The principal objectives of the Grant Program are to provide limited financial support and promote the capacity of State-certified CHDOs that either currently have a project underway funded with HOME CHDO set-aside funds or anticipate receiving a funding commitment for a project funded with HOME CHDO set-aside funds within 24 months of the date of receiving Grant Program funds, both of which are consistent with the goals and objectives of the State Consolidated Plan.

Grant Program Guidelines

The Fund will consider applications that conform with the guidelines and policies set forth herein and the rules and regulations of the HOME Program.

1. Documents to be submitted:

- a. RFA and attachments (Fund Form CHDO 400).
- b. CHDO Certification form. The CHDO Certification and other required forms are available at <https://www.mshomecorp.com/federal-programs/home/CHDO/>
- c. Copy of its Board of Directors' resolution approving the (i) submission of the Application; (ii) amount requested; (iii) certification as a CHDO; and (iv) authorized signatory for contracts and other documents related to the Grant Program.
- d. Copy of the two most recent years of operating budgets as approved by the Board of Directors.
- e. "Operating Budget Summary Form" (Fund Form CHDO-401) to the RFA.
- f. If the Applicant intends to use any portion of the operating assistance funds to support the salaries of employees involved in the development of the HOME CHDO assisted housing project: "Salary and Fringe Benefits Summary" (Fund Form CHDO-402) and evidence of sound employment practices, including copy of employment policy, job descriptions, and current employee résumé(s).
- g. "HOME CHDO Proposed Project Form" (CHDO Form 403).
- h. "Equal Opportunity Certification Form" (CHDO Form 404), executed.
- i. "Section 504 Certification Form" (CHDO Form 405), executed.
- j. "Assurances Certification Form" (CHDO Form 406), executed.
- k. "Certification of Signatures & Address" (CHDO Form 407), executed.
- l. Report detailing an up-to-date accounting of the receipt and expenditure of HOMECHDO proceeds, if applicable.

2. The Applicant must disclose the receipt of any HUD funds awarded through intermediaries for organization support and housing education (under 24 CFR Part 92.302, HUD is authorized to provide education and organizational support assistance in conjunction with HOME funds made available to CHDOs in accordance with section 233 of the Act).
3. The Applicant must demonstrate a current and specific need for Grant Program funds. The Applicant should list the specific barriers or obstacles that may prevent the organization from reaching its goals and discuss how the Grant Program would mitigate or eliminate those barriers and obstacles (page 2 of the RFA). The Applicant should also (a) describe how the organization would be affected if it did not receive any operating assistance funds or fewer funds than requested in the RFA; and (b) describe how the organization will meet its obligations and agreements without these funds.
4. Grant Program funds are not guaranteed from year to year. A CHDO may or may not be allocated operating assistance funds or the full amount of operating assistance funds requested in any given year. The Applicant should provide an organizational plan that details the strategy to eliminate the need for CHDO operating assistance funds and forecast the timeframe for the organization to become self-sufficient (page 3 of the RFA).
5. The Applicant must use all operating expense grant funds for general operating costs. Grant Program funds may not be used for project-specific costs.
6. The Grant Program is only for the reimbursement of eligible CHDO operating expenses that are adequately documented. Backup documentation such as invoices and payroll details must be in the name of the CHDO. A nonprofit entity's operating expenses must be reasonably allocated among all its programs based upon an equitable distribution basis, and CHDO expense reimbursement will be limited to what is reasonably allocable to the CHDO objectives. The Applicant should review 2 CFR 200 for the principles that are to be applied in establishing expense eligibility.
7. The Agreement term is 24 months.
8. The Fund will periodically evaluate the performance of any CHDO that applies for Grant Program funds to ensure these funds are contributing to the continued improvement of the organization's CHDO development capacity.
9. The Fund reserves the right to delay disbursement of Grant Program funds if it is evident that any of the CHDO's projects are experiencing excessive delays.
10. The Fund reserves the right to reduce the amount of, or not award, Grant Program funds based upon its evaluation of the CHDO's product and overall performance.

11. Quarterly draw requests must be submitted within 30 days of the end of each quarter; otherwise, operating assistance funds may be subject to recapture. Documentation shall include, but is not limited to, time sheets, invoices, receipts, and statements showing the operating expenses incurred by the organization. Such documentation must be in the name of the CHDO.
12. The Applicant will be required to update and submit the Grant Program progress report with each reimbursement request.
13. The Applicant is expected to (a) have a project currently funded with HOME CHDO set-aside funds; or (b) anticipate receiving a funding commitment for a project funded with HOME CHDO set-aside funds within 24 months of the date of receiving Grant Program funds.

Eligible Uses of Grant Program Funds

Operating expenses are defined as reasonable and necessary costs for the operation of a CHDO. Grant Program funds may be used for the reimbursement of:

- Salaries and wages
- Fringe benefits (limited to 7.65% of gross salary/wages)
- Employee training
- Travel

The Applicant should review 2 CFR 200 for the principles that are to be applied in establishing the eligibility of the above costs.

Ineligible Uses of Grant Program Funds

Costs associated with a HOME CHDO set-aside funded project are not eligible for CHDO operating assistance. Project-specific costs such as initial feasibility studies, engineering studies/reports, consultant fees, costs of preliminary financial applications, site control and title clearance costs, legal fees related to a specific project, and option fees are not eligible operating expense costs. CHDO operating assistance cannot be provided to cover the cost of administering HOME activities as a subrecipient and may not be awarded as compensation for development of a HOME project in lieu of a developer's fee.

Process for Drawing Grant Program Funds

The Grant Program will coincide with the project completion timeline. Reimbursement requests for eligible expenditures shall be made on a calendar quarter reimbursement basis (the HOME CHDO must first expend the funds and then request reimbursement from the Fund).

For example, the CHDO may submit a draw request in January for eligible expenses incurred and paid by the CHDO in calendar quarter October - December.

Pre-Application and Application Process

The Fund will review each RFA and attachments for consistency with the RFA, the Grant Program, and the rules and regulations of the HOME Program as follows.

1. **Applicant must upload one (1) executed copy of the RFA and attachments on or prior to August 9, 2024.** The RFA must be printed after completion, executed, and uploaded with the CHDO funding application. DO NOT upload the Excel version of the RFA. The RFA and attachments must be computer-completed on the prescribed forms. Handwritten completion of forms will not be accepted.
2. HOME Program staff will conduct an initial review of all RFAs to determine if the RFAs and attachments have been properly completed. Any RFA determined to be substantially incomplete will be returned to the Applicant with a Notice of Deficiency specifying corrective actions. Applicants receiving a Notice of Deficiency will have seven (7) calendar days to correct or cure all deficiencies of any program requirements. Failure to correct or cure all deficiencies within the prescribed timeframe will halt RFA processing.
3. If the RFA is accepted for processing, HOME Program staff will review the RFA for compliance with the terms and conditions of the RFA, Grant Program Guidelines, HOME Program regulations, and evaluate the need and amount of operating assistance for each Applicant.
4. HOME Program staff will complete the review of the RFAs and will issue an Approval and Reservation of Funds letter or a denial letter on or about November 13, 2024.
5. Applicants who receive an Approval and Reservation of Funds letter should be prepared to execute the Agreement and other required documents within thirty (30) days of the issuance of the Approval and Reservation of Funds letter.