
**Mississippi Home Corporation
Community Housing Development
Organization (CHDO)
Certification**



MISSISSIPPI HOME CORPORATION

**Program Guidelines & Application
2021**

REQUIREMENTS FOR CHDO CERTIFICATION

I. ORGANIZATIONAL STATUS (LEGAL STATUS) AND MISSION REQUIREMENTS FOR CHDO CERTIFICATION

1. **Organized Under State/Local Law.** A CHDO must show evidence to MHC either in its charter or articles of incorporation, that it is organized under state or local law.
2. **Non-Profit Status.** A tax exemption ruling from the Internal Revenue Service as evidenced by a 501(c) (3) or (c) (4) Certificate from the IRS.
3. **Purpose of Organization.** The CHDO's primary purpose must be the provision of decent housing that is affordable to low-income people. This must be evidenced by a statement in the CHDO's charter, articles of incorporation, by-laws, or resolutions.
4. **No individual benefit.** No part of a CHDO's net earnings may benefit any member, founder, contributor, or individual.
5. **Financial Accountability.** You will be required to submit a statement that confirms your CHDO will comply with standards that conform to 24 CFR 84.21. This statement must be on the CHDO's letterhead. **(Example attached page 20).**

II. BOARD COMPOSITION REQUIREMENTS FOR CHDO CERTIFICATION

There are three specific requirements related to the CHDO's board, which must be evidenced in the CHDO's by-laws, charter, or articles of incorporation. These are:

1. **Low Income Representation.** At least one-third of the CHDO's board membership must be representatives of a low-income community served by the CHDO. The CHDO is required to certify the status of low-income representatives. There are three (3) methods to meet the HOME requirement that stipulates one-third of the CHDO's board be representatives of a low-income community serviced by the CHDO. If a potential board member fits one of the following descriptions, then they count towards fulfilling this requirement:

- The person lives in a low-income neighborhood where 51% or more of the residents are low-income. This resident does not have to be low-income.

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. **Neighborhood** means a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not encompass the entire area of the unit of a general local government.

- The person is a low-income resident of the community.

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

- The person was elected by a low-income neighborhood organization to serve on the CHDO board. The CHDO must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such CHDOs might include block groups, neighborhood associations, and neighborhood watch groups.

In order to qualify under these criteria, the board member must be elected by a low-income neighborhood organization to serve the CHDO Board. The group must be a neighborhood organization and it may not be the CHDO itself. If the board member is qualifying under this criterion, a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO is required.

2. **Public Sector Limitations.** No more than one-third of the CHDO's governing board members may be public officials or appointed by public officials, and government-appointed board members may not, in turn, appoint any of the remaining board members. States or local governments who charter CHDOs may not appoint more than one-third of the board, and the board members appointed by the state or local government may not appoint the remaining two-thirds of the board members. If a person qualifies as a low-income person and a public official, their role as a public sector representative supersedes their residency or income status. Therefore, the official counts toward the one-third public sector limitation.
3. **For Profit Limitations.** If a CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members.

Additional Considerations:

4. **Board Stability.** There should be stability/continuity of board members over the last several years.
5. **Development Oversight.** The Board must have a committee structure or other means of overseeing planning and development.
6. **Board Skills.** The Board members must have professional skills directly relevant to housing development. For example, real estate, legal, architectural, planning, construction, finance and management experience are all professional skills that are relevant to housing development.
7. **Decision-Making.** The Board should demonstrate the ability to make timely decisions using an appropriate process.
8. **Board-Staff Relations.** There should be a good relationship between board members and staff.

III. SPONSORSHIP/INDEPENDENCE REQUIREMENTS FOR CHDO CERTIFICATION

1. **Control.** The CHDO is not controlled, nor receives directions from individuals or entities seeking profit from the CHDO, as evidenced by the CHDO's by-laws or a Memorandum of Understanding.
2. **Creation or Sponsorship by a For-Profit Entity.** If sponsored or created by a for-profit entity, the for-profit entity's primary purpose does not include the development of management of housing, as evidenced in the for-profit organization's by-laws.

If the non-profit organization created or sponsored by a for-profit entity seeks designation as a CHDO, the officers or employees of the for-profit entity would be prohibited from serving as officers or employees of the CHDO, and

the nonprofit entity would be prohibited from using the office space of the for-profit entity.

3. **Freedom to Contract for Goods and Services.** If sponsored or created by a for-profit entity, the CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced by its by-laws, charter, or articles of incorporation.
4. **Sponsorship by a Religious Organization.** If sponsored by a religious organization, the CHDO is a separate secular entity from the religious organization, with membership available to all persons, regardless of religion or membership criteria, as evidenced by its by-laws, charter, or articles of incorporation.

IV. RELATIONSHIP/SERVICE TO THE COMMUNITY REQUIREMENTS FOR CHDO CERTIFICATION

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body or the CHDO is **controlled by the community it serves**. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external agendas.

1. **History of Serving the Community in a Similar Capacity.** The CHDO has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by documentation of at least three (3) years of experience in serving the community's housing needs preferably through activities similar to those the CHDO is applying for funding for from this program. Documentation of past projects, including but not limited to data on beneficiaries, architectural drawings, building inspection certification, is required.
2. **Low Income Input.** Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described *in writing* and must be documented in the CHDO's by-law, resolutions, or a written statement of operating procedures approved by the governing body. Each project undertaken by the CHDO should allow potential program beneficiaries to be involved and provide input on the entire project from project concept and site selection to property management. One way to accomplish this requirement is to develop a project advisory committee for each project or community where a HOME assisted project will be developed. Proof of input from the potential low-income program beneficiaries in all aspects of the project will be required for HOME project funding.
3. **Clearly Defined Service Area.** The CHDO must have a clearly defined geographic service area, which can be described and documented. CHDOs

may serve individual neighborhoods or large areas. However, while CHDOs may include the entire community in their service area (such as a city, town, village, county, or multi-county area), they may not include the entire state.

Additional Considerations:

4. **Needs.** Current plans should be well grounded in an understanding of current housing conditions; housing needs and need for supportive services. The CHDO should have an analysis of the local housing market and the housing needs of low-income households.
5. **Community Relations.** The CHDO should have a good reputation and a positive relationship with the community it services.
6. **Local Government Relations.** The CHDO should have a positive relationship with the local government(s) of the community(s) that it serves.

In addition, a CHDO must be separate from and not under the control of a government entity, in keeping with the statutory requirement that a CHDO maintain accountability to the low-income community it serves through its governing board make-up and otherwise.

V. FINANCIAL MANAGEMENT AND CAPACITY REQUIREMENTS FOR CHDO CERTIFICATION

1. **Conformance to Accountability Standards.** The CHDO must conform to the financial accountability standards of 24 CFR 84.21, “Standards for Financial Management Systems”, as evidenced by a notarized statement by the board president or Chief Financial Officer (CFO) of the CHDO, or a certification from a Certified Public Accountant (CPA), or a HUD approved audit summary.
2. **No Individual Benefit.** No part of a CHDO’s net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the CHDO’s charter or articles of incorporation.

Additional Considerations:

3. **Audit.** Audit information will be reviewed. Provide the last three years of audited financial statements. If less than three years, provide interim financial statements including cash flow statements and general ledgers.
4. **Budgeting.** The CHDO must conduct annual budgeting of its operations and all activities and programs. It should track and report budget versus actual income and expenses. The CHDO must demonstrate sufficient capacity to track and manage federal funds through the use of Generally Accepted Accounting Principles (GAAP) and use of annual budgeting.
5. **Reporting.** Financial reporting should be regular, current and sufficient for the board to forecast and monitor the financial status of the corporation.

6. **Cash Flow Management.** The CHDO should know its current cash position and maintain control over expenditures.
7. **Internal Controls.** The CHDO should have adequate internal controls to ensure separation of duties and safeguarding of corporate assets. There should be sufficient oversight of all financial activities. Employees that oversee the expenditure of funds should be bonded.
8. **Procurement/Conflict of Interest.** The CHDO should have a conflict of interest policy governing board members, employees, and development activities, particularly in procurement of contract services and the award of housing units for occupancy.
9. **Insurance.** The CHDO should maintain adequate insurance, including liability, fidelity, bond workers compensation, property hazard and project. In regard to bonding provisions (**surety bond**), the CHDO shall obtain a minimum bonding of \$75,000 to protect the interest of the CHDO and any entity, which shall award funds unto the CHDO. If funded, the CHDO is required to increase the surety bond to the amount equal to the HOME funds granted for each principal.
10. **Financial Stability.** The current balance sheet and budget should indicate a sufficient, diversified and stable funding base to support essential operations.
11. **Portfolio Financial Condition.** If the CHDO has a portfolio of properties, they should be in stable physical and financial condition.
12. **Liquidity.** Whether the CHDO has liquid assets available to cover current expenses shall be considered, as well as whether the CHDO has funds available for predevelopment expenses or equity investments required for development.

VI. DEVELOPMENT CAPACITY REQUIREMENTS FOR CHDO CERTIFICATION

1. **Capacity to Carry Out Activities.** The CHDO must have demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by resumes and/or statements that describe the experience of key staff that have successfully completed projects similar to those to be assisted with HOME funds. **MHC will not commit funds to a CHDO unless it has determined that the non-profit has paid staff with demonstrated housing development experience. Non-profit organizations will no longer be able to meet the demonstrated capacity requirement through the use of consultants and through a plan for staff to be trained by the consultants with the exception of having a hired consultant within their first year. In addition, the capacity requirement cannot be met through the use of volunteers.**

Additional Considerations:

2. **Portfolio.** The CHDO's portfolio of projects and properties should evidence competent management and oversight.
3. **Previous Performance.** The CHDO should have exhibited competence with any previous CHDO activities.
4. **Management Capacity.** The CHDO's management should have the capacity and ability to manage additional development activities.
5. **Procedures.** There should be policies and procedures in place to govern development activities.
6. **Project management.** The CHDO should have procedures for monitoring the progress of a project and the capacity to monitor project-level cash flow and schedules.
7. **Personnel.** There should be staff that is assigned responsibilities for housing development and personnel policies and job descriptions should be clear.
8. **Staff Skills.** The strength of staff in the following areas shall be considered:
 - Legal/financial aspects of housing development
 - Management of real estate development
 - Oversight of design & construction management
 - Marketing, intake
 - Property management (if applicable)
9. **Training.** Staff should be encouraged to obtain additional training and develop skills.
10. **Member involvement.** The CHDO's membership should be active and in support of the CHDO's housing activities.
11. **Use of consultants.** To what extent does the CHDO has access to and makes use of qualified development consultants shall be considered, as well as how these consultants interact with staff.
12. **Funding access.** The CHDO should have the ability to raise funds for the capital requirements of a project.

EFFECTIVE PERIOD OF CHDO CERTIFICATION

In order to maintain a current CHDO Certification status, the CHDO must submit a complete CHDO Certification package for funding through MHC, and the CHDO must be awarded funds. Certification is effective for a **twelve (12) month** period from approval.

THE CONSOLIDATED PLAN

Activities conducted by CHDOs must be consistent with the state's Consolidated Plan. The Consolidated Plan identifies housing and community development needs in the state's jurisdiction and provides long-term strategy for addressing those needs. The Consolidated Plan indicates the level of resources, which are allocated to each program. Each year the state must develop an Action Plan, which spells out which activities it will carry out and how much money will be spent in each area. The Consolidated Planning process is an opportunity for CHDOs to provide input to the state on how its funds are allocated.

HOW TO APPLY FOR CHDO CERTIFICATION

1. Complete a CHDO Project Proposal form and the CHDO Certification Package (Application).
2. Submit one (1) original of the Proposal and Certification application. The application should be bound and delivered to:

Lillie Naylor or Kimberly Stamps
Mississippi Home Corporation
735 Riverside Drive
Jackson, Mississippi 39202

NOTE: Fax and email copies are not acceptable:

3. If additional information is requested, the applicant has 30 days to respond. If the requested information is not received within 30 days, the CHDO Certification application will be pending until such information has been submitted.

Mississippi Home Corporation
CHDO CERTIFICATION APPLICATION

Organization Name		Tax ID Number	
Mailing Address			
Contact Name/Title		Contact's Daytime Phone Number	
Board President Name	Board President's Daytime Phone Number	Organizations Fax Number	

PLEASE DESCRIBE THE CHDO-ELIGIBLE ACTIVITIES YOUR ORGANIZATION PLANS TO UNDERTAKE AS A CHDO

LIST EACH GEOGRAPHIC AREA TO BE CONSIDERED FOR CHDO CERTIFICATION	
Locality	Locality
1.	4.
2.	5.
3.	6.

I certify that the submission of this application has been approved by a $\frac{2}{3}$ vote of the Board of Directors. (Please attach a copy of the Board's minutes authorizing submission).

Board President Signature

Date

CHDO ELIGIBILITY SURVEY

DATE _____

ORGANIZATION NAME _____

CONTACT PERSON _____

ADDRESS _____

PHONE () _____

OFFICE HOURS _____

OVERVIEW: To be eligible to submit project proposals for HOME funds under the Community Housing Development Organization (CHDO) Category, a non-profit organization must qualify as a Community Housing Development Organization. This survey is designed to identify non-profit organizations that want to become CHDOs and to assist them in achieving this goal. Please check the appropriate answer that applies to your organization as of the date the survey is completed.

1. Is your organization interested in applying for HOME funds?
YES ☐ NO ☐

(If answer is “NO”, please stop here and return this survey to MHC.)

Signature of Authorized Representative

Date

2. Is your CHDO chartered as a private, non-profit corporation in accordance with state and local laws?

YES ☐ NO ☐

3. Does your CHDO have among its purposes, in its articles of incorporation, resolutions, and by-laws, activities related to the provision of decent housing that is affordable to low and moderate-income persons?

YES ☐ NO ☐

4. Does any part of your CHDO's net earnings (profits) personally benefit any member, founder, contributor, or individual?

YES ☐

NO ☐

5. Is your CHDO tax-exempt under 501(c) (3) or (c) (4) of the Internal Revenue Code of 1986? **(If your organization has applied for their 501(c) (3) or (c) (4) ruling, and has not received the final ruling, the CHDO does not meet this requirement).**

YES ☐

NO ☐

Give the date the CHDO received its tax-exempt status? _____

6. Is at least two-thirds of your governing board comprised of individuals that are acting in a private capacity? (i.e. he/she is not legally bound to act on behalf of a public body and is not being paid by a public body while performing functions in connection with the non-profit organization).

YES ☐

NO ☐

7. Does a public body have the authority to appoint more than one-third of the members of the governing board?

YES ☐

NO ☐

Is more than one-third of the CHDO's board comprised of public officials?

YES ☐

NO ☐

8. Is your CHDO either controlled by, or under the direction of, individuals or entities seeking to derive profit or gain from the CHDO?

YES ☐

NO ☐

If you answered "Yes" then:

- a. Is the entity's primary purpose the development or management of housing, real estate management, construction or development?

YES ☐

NO ☐

- b. Does this entity appoint more than one-third of the CHDO's board?
YES ☐ NO ☐
- c. Do those board members appointed by this entity appoint any of the remaining board members?
YES ☐ NO ☐
- d. Is the CHDO free to contract with any vendor for goods and services?
YES ☐ NO ☐
9. Does your CHDO's financial accountability conform to Attachment F of OMB Circular A-110 (Revised) "Standard for Financial Management Systems"?
YES ☐ NO ☐ NOT APPLICABLE ☐
10. Are your CHDO's activities limited to a geographically defined target area?
YES ☐ NO ☐
11. Is at least one-third of the CHDO's board comprised of low-income residents from the target/service area, or community or elected representatives of low-income neighborhood organizations?
YES ☐ NO ☐
- a. If the CHDO works within a multi-county area, are there representatives from each county?
YES ☐ NO ☐
12. Does the CHDO provide a formal process for low-income program beneficiaries to advise the CHDO in its decisions regarding the design, site, development and management of affordable housing?
YES ☐ NO ☐
13. Does the CHDO have the demonstrated capacity (i.e. an experienced key staff person(s) who has successfully completed similar projects to those proposed and a plan to train appropriate staff members of the CHDO) to carry out HOME assisted activities?
YES ☐ NO ☐

14. Has the CHDO or its parent served the target area/community that would receive HOME assistance for at least two years?

YES ☐

NO ☐

15. Is the CHDO primarily a religious organization, such as a local church?

YES ☐

NO ☐

If you answered no, is the CHDO:

A service CHDO

YES ☐

NO ☐

A neighborhood CHDO

YES ☐

NO ☐

Provide the following information. Separate each item in the application with a TAB and identify the tab in a table of contents.

- Copy of the CHDO's Annual Operating Budget
- Copy of the CHDO's most recent Audit Report
- Copy of the CHDO's Charter (if applicable)
- Copy of the CHDO's Mission Statement and/or Purpose
- Copy of CHDO's By-Laws with any necessary amendments
- Copy of the CHDO's Articles of Incorporation.
- Letter of support from the planning or development agency providing housing related services to the largest municipality in the designated service area. If no such organization exists, then a letter from the mayor or highest elected official (e.g., president of the board of supervisors) of the local government that comprises the majority of the proposed service area.
- Copies of the CHDO's Board Meeting Minutes (totaling one year: monthly, quarterly, etc.)
- Copy of Surety Bond (must be up to date).
- Describe, in detail, the formal process that allows low-income residents and program beneficiaries to advise the CHDO on decisions concerning the site, development and management of affordable housing.
- Map and narrative description of the proposed service area.
- Describe the need(s) the organization will serve in the targeted service area as a CHDO. Provide data, maps, and other information as necessary.
- Copy of the CDHO's 501 (c) (3) or (c) (4) ruling as provided by the IRS.
- Provide resumes and separate statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds. An *Experience Certification* form must be completed for each key staff member.
- Statement describing the board members selection process.
- Provide a list of all board members including his/her name, physical address, and occupation. Identify which board members are low or moderate-income residents (based upon the area median family income) or representatives of low-income neighborhood organizations. Provide a resume' and a *Certification of Low-Income Representation* form for each board member.
- Copy of the CHDO's written financial policy showing that the CHDO's financial management system conforms to the financial accountability standards of 24 CFR 84.21.

- Statement describing the nature of the housing project(s) the CHDO plans to develop. This statement should include a description of the predevelopment activities undertaken, potential sources of financing, and any other information that will describe the CHDO in pursuing the project.
- Provide a description of the CHDO's relationship with local government, business in the proposed service area, and other non-profit organizations. Describe how these relationships, or partnerships, will help the CHDO meet its housing goals.
- Describe the current capacity of the CHDO. The definition of capacity includes both human and financial resources.
- A detailed statement that documents the specific services the CHDO has rendered in the proposed service area. Please note that the CHDO must demonstrate that it has at least **one year** of experience serving the community that will benefit from the HOME funds.
- If funded in the past, provide HOME eligible projects begun or completed.
- Provide a list of trainings and/or technical assistance received by staff members.
- Provide *Certification of Signatures and Address* form for required staff members.
- Provide *Certification of Board Status* form for required board members.

EXPERIENCE CERTIFICATION

Please attach signed copies for **each staff member** whose experience should be considered for meeting the Experience/Capacity requirement. Attach one copy for each project. Resumes and W-2's should also be attached.

Staff or Consultant Name

Mailing Address

Phone Number

Email

Project Name

Project Location

Project Type: (Rental/Homeownership, # of Units, Population Served)

Date of Occupancy

Sources of Funds

Description of Staff/Consultant Role in Project

Project References:

Name

Address

Phone

Name

Address

Phone

I certify that the information provided is accurate and give my consent to contact references listed.

Signature

Date

Certification of Low-Income Representation

Each board member representing the interest of low-income families in the Applicant's target community must complete this certification. Please maintain a copy of this certification in your files and send in a copy to MHC. These certifications will be reviewed during monitoring visits by the State.

Board Member Name: _____

I certify that I am a currently member in good standing of the governing board for _____ (name of applicant CHDO) and that I represent the interests of low-income families in the applicant's target community.

Please check and complete one of the following:

☐ I am low-income resident of _____, the Applicant's target community.

In order to qualify under this criterion, the board member must be a low-income resident of a community that the CHDO is certified to serve. **Low-income is defined 80% of less of area median family income.**

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

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. **Neighborhood** means a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government.

☐ I am an elected representative of _____ (insert name of neighborhood organization), a low-income neighborhood organization within _____, and the Applicant's target community.

In order to qualify under these criteria, the board member must be elected by a low-income neighborhood organization to serve on the CHDO Board. The organization must be composed primarily of residents of the 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 IT MAY NOT BE A CHDO ITSELF. If the board member is qualifying under these criteria, please attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO.**

Signature

Date

Certification of Signatures and Address

The Board of Directors of _____ met on the _____ day of the month of _____, 2020 and authorized below named individuals to sign contracts, amendments, disbursement requests and other documents requiring such signatures as a part of the CHDO Certification Program.

Name & Title (Printed)

Signature

Name & Title (Printed)

Signature

Name & Title (Printed)

Signature

In addition, the following individuals have been authorized to serve as the primary and secondary contacts for the organization for matters relating to the CHDO Certification Program.

Primary Contact

Name

Title

Daytime Phone Number

Email

Secondary Contact

Name

Title

Daytime Phone Number

Email

The address to which all correspondence and payments to the CHDO shall be sent is listed below:

Changes to authorized signatures, contact persons or address shall be made in writing to Mississippi Home Corporation.

Signature of President

Date

Signature of Secretary

Date

SAMPLE OF CONFORMITY STATEMENT

Mississippi Home Corporation
Attn.: Kimberly Stamps
735 Riverside Drive
Jackson, Mississippi 39202

This letter is to state the (Name of CHDO applying for Status) will comply with the federal regulation standards that conform to the financial accountability standards of 24 CFR 84.21 according to the Department of Housing and Urban Development.

Signature (Signed by Executive Director/President)

Date

Notary

Commission Expires

(SEAL)

Certification of Board Status

Applicants must complete the following *Certification of Board Status* and submit it along with their application for State CHDO certification. Please list each board member by name, then place a check indicating the representation that member brings to the Board. Please list only current or approved board members. Do not list prospective board members who have not been approved to join the board. Minimum: (6) Members.

Board Member and Residential Address	Number of Years on Board	Low-Income	Public Institution	Religious Organization	For Profit	Occupation and Place of Employment (if retired, please specify areas of expertise)

I certify that the above listing of current, participating board members is accurate.

Board President Signature

Date