Mississippi Home Corporation Community Housing Development Organization (CHDO) Certification



Program Guidelines & Application 2020

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 CDHO 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 forprofit 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 CDHO 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 CAPAPCITY 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 a by 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:

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		I		
Contact Name/Title		Contact's Daytime Phone No	umber	
Board President Name Board Presid		L nt's Daytime Phone Number	Organizations Fax Number	
PLEASE DESCRIBE THE	CHDO-ELIGIBI	LE ACTIVITIES Y	OUR ORGANIZATION	
PLANS TO UNDERTAKE	AS A CHDO			
IST EACH GEOGRAPHIC	C AREA TO BE C	CONSIDERED FOR	R CHDO CERTIFICATION	
ocality		Locality		
		4.		
		5.		
		6.		
Lertify that the submission	n of this applicatio	on has been annrove	ed by a ² / ₃ vote of the Board	
of Directors. (Please attack				
`	10		,	
		<u></u>		
Board President Signature			Date	

CHDO ELIGIBILITY SURVEY

DATE			_
ORGANIZATION NAI	ME		-
CONTACT PERSON			_
ADDRESS			_
PHONE	()		_
OFFICE HOURS			
Community Housing organization must quali is designed to identify	Development of the second of t	nit project proposals for HOME Organization (CHDO) Catego ty Housing Development Organizations that want to become CH check the appropriate answer the completed.	ory, a non-profit cation. This survey IDOs and to assist
Y.	ES []	applying for HOME funds? NO [] here and return this survey to M	ЛНС.)
Y.	ES [] IO", please stop h	NO []	ЛНС.)
(If answer is "N Signature of Authorize	ES [] NO", please stop had Representative	NO [] here and return this survey to M	
(If answer is "N Signature of Authorize 2. Is your CHDO c state and local la	ES [] NO", please stop had Representative	NO [] here and return this survey to M Date	
(If answer is "N Signature of Authorize 2. Is your CHDO c state and local la Y 3. Does your CH resolutions, and	ES [] NO", please stop had Representative chartered as a privative? ES [] DO have among	NO [] here and return this survey to Mean terms and return this survey terms are returned to the survey terms and return this survey terms are returned to the survey terms and return this survey terms are returned to the survey terms and return this survey terms are returned to the survey terms and return this survey terms are returned to the	ordance with of incorporation,

4.	Does any part of your CHDC founder, contributor, or individual	o's net earnings (profits) personally benefit any member, idual?
	YES []	NO []
5.	1986? (If your organization	der 501(c) (3) or (c) (4) of the Internal Revenue Code of has applied for their 501(c) (3) or (c) (4) ruling, and ling, the CHDO does not meet this requirement).
	YES []	NO []
	Give the date the CHDO received	ived its tax-exempt status?
6.	in a private capacity? (i.e. h	governing board comprised of individuals that are acting ne/she is not legally bound to act on behalf of a public a public body while performing functions in connection on).
	YES []	NO []
7.	Does a public body have the of the governing board?	authority to appoint more than one-third of the members
	YES []	NO []
	Is more than one-third of the	CHDO's board comprised of public officials?
	YES []	NO []
8.	Is your CHDO either control seeking to derive profit or gai	led by, or under the direction of, individuals or entities n from the CHDO?
	YES []	NO []
	If you answered "Yes" then:	
	a. Is the entity's primary purestate management, constr	repose the development or management of housing, real ruction or development?
	YES []	NO []

υ.	Does this entity appoint more t	nan one-unita of the ChibO's board?
	YES []	NO []
c.	Do those board members appo	ointed by this entity appoint any of the remaining
	YES []	NO []
d.	Is the CHDO free to contract w	ith any vendor for goods and services?
	YES []	NO []
		countability conform to Attachment F of OMB d for Financial Management Systems"?
	YES []NO []	NOT APPLICABLE []
10. Ar	e your CHDO's activities limited	d to a geographically defined target area?
	YES []	NO []
the		's board comprised of low-income residents from nunity or elected representatives of low-income
	YES []	NO []
	a. If the CHDO works within each county?	a multi-county area, are there representatives from
	YES []	NO []
ad	•	process for low-income program beneficiaries to ns regarding the design, site, development and?
	YES []	NO []
per	rson(s) who has successfully co	onstrated capacity (i.e. an experienced key staff ompleted similar projects to those proposed and a mbers of the CHDO) to carry out HOME assisted

NO []

activities?

YES []

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 p	orimarily a religious	organization, such as	a local church?	
	YES []	NO []		
If you answere	d no, is the CHDO:			
A service CHI	00	YES []	NO []	
A neighborhoo	od 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 <u>each staff member</u> 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.

taff or Consultant Name			
failing Address			
hone Number		Email	
roject Name		Project Location	
Project Type: (Rental/Homeownership, # of Units, Popu	ulation Served)	Date of Occupancy	
ources of Funds			
Description of Staff/Consultant Role in Project			
Project References:			
fame	Address		Phone
fame	Address		Phone
certify that the information provid isted.	ed is accurat	te and give my conse	ent to contact references
Signature			to

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 1	Name:				
			_(name of appli	cant CHDO) and	•
the interests of le	ow-income families	in the	applicant's targe	et community.	
Please check an	d complete one of	the fol	lowing:		
	acome resident of				the Applicant's
	y. der this criterion, the boat -income is defined 80% o				ity that the CHDO is
the Applicant's t In order to qualify und residents are low-inco designated in compreh designation that is with	ent of a low-incomparaget community. Ider these criteria, the board member of the since plans, ordinances, and the boundary but does not all government has a popular local government.	I member oes not be or other not encom	r must live in a low-in- nave to be low-income local documents a s a npass the entire area of	come neighborhood where Neighborhood means neighborhood, village, or a unit of general local go	e 51% or more of the a geographic location similar geographical vernment; except that
☐ I am an elec	ted representative	of			(insert name of
within	ted representative organization),		$\underline{}$, and the A ₁	oplicant's target co	mmunity.
on the CHDO Board. primary purpose must neighborhood associati BE A CHDO ITSEI	ler these criteria, the board The organization must be to serve the interests of the constant	oe compo f the neig tch group er is qua	osed primarily of residents. So the group must be alifying under these	lents of the low-income Such organizations might e a neighborhood organiz criteria, please attach a	neighborhood and its include block groups cation IT MAY NOT copy of the signed
Signature				Date	

Certification of Signatures and Address

The Board of Directors of	met on the
•	, 2020 and authorized below
	, amendments, disbursement requests and other part of the CHDO Certification Program.
Name & Title (Printed)	Signature
Name & Title (Printed)	Signature
Name & Title (Printed)	Signature
	have been authorized to serve as the primary and n for matters relating to the CHDO Certification
Primary Contact	Secondary Contact
Name	Name
Title	Title
Daytime Phone Number	Daytime Phone Number
Email	Email
The address to which all correspondence below:	e and payments to the CHDO shall be sent is listed
Changes to authorized signatures, contr	eat persons or address shall be made in writing to
Mississippi Home Corporation.	act persons or address shall be made in writing to
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 fe regulation standards that conform to the financial accountability standards of 24 CFR 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 l	listing of curre	nt, participating boa	ard members is accu	ırate.		l
Board President Signature					Date	