HOLYOKE-CHICOPEE-WESTFIELD HOME CONSORTIUM

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) CERTIFICATION APPLICATION

Holyoke Office for Community Development
Room 400, City Hall Annex
20 Korean Veterans Plaza
Holyoke, MA 01040
(413) 322-5610

September 2013

A Community Housing Development Organization (CHDO) is a private nonprofit organization that:

1. Is organized under State or local laws;

2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:

   i.The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
   ii.The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
   iii.The Community Housing Development Organization must be free to contract for goods and services from vendors of its own choosing;

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;

5. Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a Community Housing Development Organization; however, the State or local government shall not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members;

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:

   i. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
   ii. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, sighting, development, and management of affordable housing;

9. Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the 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.

CITE: 24CFR92.2 Definitions

CHDO CERTIFICATION PROCESS

1. Organization must submit the completed CHDO Certification Application (original document) including signed copies of the Board Member Form with cover letter to:

   Holyoke Office for Community Development
   Room 400, City Hall Annex
   20 Korean Veterans Plaza
   Holyoke, MA 01040

   ***** Failure to return all the required documentation will delay the application's review and processing.***

2. Review of application by the Holyoke OCD. If all "required" information and/or documents are submitted to the Holyoke OCD, the review process is usually completed within 2-3 weeks.

3. One of two things take place at this point:

   - ❑ Organization is granted certification.

     OR

   - ❑ Organization is notified in writing that a deficiency exists in the application. The organization is given fourteen (14) days to address the deficiency.

4. Approximately two (2) weeks after submittal of the application (original or revised), the organization is notified in writing as to whether or not the application for CHDO certification has been approved.

5. If the application is unacceptable, the reason(s) application is unacceptable is/are outlined in writing.

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Community Housing Development Organization (CHDO) Certification Application

Please see Holyoke-Chicopee-Westfield Consortium CHDO Policies and Procedures to insure your organization is eligible for CHDO certification and complete this application in entirety.

Organization Name & Address

Phone: Fax:

Executive Director: Email:

Contact Person (if different from above):

Date of Incorporation: Tax ID Number:

IRS Tax Status: 501 (C)(3) ☐ Date Received

501 (C)(4) ☐ Date Received

Other: ☐

The following documentation must be submitted with your request for certification:

(1) Copy of your organization's Charter, signed Articles of Incorporation; signed By-Laws and amendments;

(2) Board Resolution(s) (if not indicated in the organizations By-Laws) which outlines the organization's formal written process that allows low income residents and program beneficiaries to advise the organization on relevant decisions concerning the sighting, development, design, location, and management of affordable housing;

(3) Copy of the 501(C)(3) or 501 (C)(4) certificate from the Internal Revenue Service (IRS);

(4) Original Board Member Information forms signed and completed by each Board Member. (You make duplicates the Board Member Information form on page 9 of this application and provide to each individual serving on the board of directors for the CHDO to complete)

(5) Notarized statement by the Chief Financial Officer or CPA certifying the organization's financial system compliance with the financial accountability standards of 24 CFR 84.21;

(6) Copy of contracts with consultant firms or individuals (who have successfully completed projects similar to those proposed for assistance with HOME funds) and their detailed plan to train key staff of the organization;

(7) A list of activities that documents the organization's service to the community during the previous year; or new organizations have the option of providing a list of activities that documents its parent organization's service to the community during the previous year;

(8) Organizational and staff experience with HOME funds, how many years of direct experience does the organizational staff who work directly with the program possess. Select either (**a**) **<u>or</u>** (**b**):

a) Resumes describing the experience accomplished by key staff who have successfully completed projects similar to those proposed for assistance with HOME funds;

OR

b) Copies of contracts with consultant firms or individuals, if applicable, (who have successfully completed projects similar to those proposed for assistance with HOME funds) and their detailed plan to train key staff of the organization.

(9) A map defining the geographic boundaries of organization's service area.

(10) Organizations having revenues in **<u>excess</u>** of $300,000 **MUST** submit an audit performed by a Certified Public Accountant, along with their most recently filed IRS Form 990

Organizations having income **<u>less</u>** than $300,000 **MUST** submit the organizations most recently filed IRS Form 990, along with the items from either (**a**) **<u>or</u>** (**b**):

a) A set of Basic Financial Statements, which MUST include the industry equivalent of a Balance Sheet, Statement of Cash Flows, Income Statement and the Notes to the Financial Statements. These must have been certified as official financials and evidenced by a copy of the board minutes showing that they were presented and accepted as official financial statements by the entity's board or governing body.

OR

b) A compiled set of Basic Financial Statements, along with a letter that the compilation was performed in accordance with American Institute of Certified Public Accountants' industry standards. The compilation must include the industry's equivalent of the Balance Sheet, Statement of Cash Flows, Income Statement and the Notes to the Financial Statements.

(11) On a separate page, provide a description of the organization, including organizational and staff experience and capacity, finance and accounting standards and procedures, and Board involvement.

Organizational Information

What is the primary business of the organization?
What is the composition of the board?
What is the relationship of the board to the staff?
How long has the organization been in operation?
How have the services or programs changed since the organization began? Is there a current business plan? If yes, please provide a brief overview.

Experience and Capacity
Has your organization produced successful affordable housing projects?
What is the current status of projects funded in previous years?
Has HUD monitored your organization and found any findings?

Staffing
What are the Executive Director's capabilities and experience?
How many staff members are there?
Who are the staff members? What experience and capabilities do they have?
What is the organizational structure?
Does your organization have staff training and evaluation procedures in place?

Finance and Accounting Standards and Procedures
What is your current annual operating budget?
What was your operating budget for the last three years?
What sources are your operating funds coming from?
Will these funding sources continue?
Who maintains your organizations accounting records?
Is the organization audited by a certified public accountant? Provide his/her name and address.
How are your financial records maintained?
Does your organization have errors and omissions insurance?

Please mail the requested information to:

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For further information, contact (413) 322-5610.

NOTE

Under the HOME Final Rule, effective August 23, 2013, every CHDO is required to submit a re-certification application before it can receive a commitment of HOME funds. For the Consortium, recertification applications must be submitted to Holyoke, regardless where the CHDO is applying for funds.

If the organization is not recertified, any commitment of funds will not be countable for the Consortium's CHDO obligation.

CHDO APPLICATION ATTACHMENT CHECKLIST

The CHDO Application must include all of the following information in the following order. Failure to return all the required documentation will delay the application's review and processing:

Tab A

Charter, or Articles of Incorporation
Signed By-Laws
Signed Amendments
Board Resolutions, if not included in By-Laws

Tab B

List of Board Members
Board Member Information forms with original signatures (page 9 of this application)
A 501 (c) (3) or (4) Certificate from the IRS

Tab C

Statement documenting organization's service to community for previous year

or

A list of activities that documents parent organization's service to the community for the previous year year;
A map defining the geographic boundaries of organization's service area.

Tab D

Notarized statement by CFO or CPA regarding financial accountability standards
Certified financial statement or audit conducted with generally accepted accounting principles as described on item 10, page 5.

Tab E

Resumes of key staff who have successfully completed similar projects;

or

Contract with consulting firm
A Memorandum of Understanding (MOU), **if applicable**
For-Profit's By-Laws, **if applicable**

Tab F

Descriptions and answers to questions on page 5 & 6 of CHDO application.

Board Information Description

At least one-third of the organization's board must be representatives of the low-income community the CHDO serves. To meet the one third (1/3) minimum requirement, the organization's board could consist of either:

- Residents that live in the low-income community where 51% or more of the residents are low-income. The persons need not be low income;
- Residents of the community who are qualified as low-income (below 80% of the median income); or
- Elected representatives of low-income neighborhood organizations.

1. Low-income resident of the community - 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. Also income must be below 80% MFI for their family size.

2. Resident of a low income neighborhood in service area - This does not mean that you must be a low-income person, only that you reside in a low-income neighborhood within the organization's Consortium service area.

3. Elected rep or a low income neighborhood organization – A low-income neighborhood organization is an organization composed primarily of residents of a low-income neighborhood. Examples are block groups, civic associations, neighborhood church groups.

4. No more than one-third (1/3) of the board shall be made up of elected or appointed public officials or public employees of the government entity or entities which the CHDO serves. See definitions below:

   a). Elected or Appointed Public Official – A public sector representative in any elected public official, any appointed public official, any public/government employee of a public agency or department, or any individual who is appointed by a public official to serve on a CHDO board.

   b). Public Employee - All employees of public agencies, including schools, Housing Authorities and Redevelopment Authorities.

NOTE

1. Low income persons residing **outside** the Holyoke-Chicopee-Westfield Consortium's service area cannot be counted as low income board members for Holyoke-Chicopee-Westfield Consortium CHDO designation purposes.
2. If a board member is **both** an elected/appointed public official/public employee **and** a low income person/resident/representative, that person **MUST** be counted toward the one-third of board members allowed for public officials/employees and will not be counted as a low income board member.

Board Member Information

Please complete and return this form for each Board member of the Organization (CHDO). You may duplicate form as needed. Please print or type.

Organization Name:

Name:

Home Address:

Phone Number:

Home Work Cell

Occupation:

Business Name:

Business Address:

Board Member Since:

Month/Year Term

1. Elected or Appointed Public Official?	2. Public Employee?	3. Low-income resident of the community?	4. Resident of a low income neighborhood in service area?	5. Elected rep of a low income neighborhood organization?
Yes ☐ No ☐	Yes ☐ No ☐	Yes ☐ No ☐	Yes ☐ No ☐	Yes ☐ No ☐

I certify that the above information provided above is accurate and correct to the best of my knowledge.

Printed Name Signature Date