

Submittal Requirements (Checklist)

- Cover Letter
- Certification application

Submittal Forms/Attachments

Legal Status

- Articles of Incorporation
- Charter
- By-laws

- California Franchise Tax Board Exemption
- Secretary of State of California Certification
- IRS Tax Status Letter

Organizational Structure

- Affidavit of "Low Income Representation" Among Board Members with board Member Qualification Form(s)
- Board Member Information form

Experience & Capacity

- Resumes of principals and key staff, OR
- Contacts with experienced consulting individuals or firms that will train key staff (First year as CHDO only)

- Board minutes from a board meeting in each quarter of the previous year
- Staff organizational chart

- Letters of reference

- Statement of Serving the Community form
- List of projects completed. (LIST OF HOUSING PROJECTS IN THE PAST 5 YEARS)

Financial Accountability

- Affidavit of Standards for Financial Management Systems form, OR
- Certification from a Certified Public Accountant, OR
- HUD approved audit summary

- Most recent two (2) years audited financial statements

Relationship with For-Profit Entities

- Memorandum of Understanding (MOU), OR
- By-laws

Project Specific Requirements

- Tenant Participation Plan (24 CFR 92.303)

BACKGROUND

The HOME Investment Partnerships Program (HOME) was created under Title II of the Cranston-Gonzales National Affordable Housing Act of 1990. Among its purposes, the National Affordable Housing Act was intended to (1) promote partnerships among states, units of general local government, and not-for-profit organizations and (2) expand the capacity of not-for-profit organizations to develop safe, decent and affordable housing.

On July 24, 2013 HUD published a Final Rule in the Federal Register to amend the HOME Investment Partnerships (HOME) program regulations. HUD amended the HOME Program regulations with the goal of providing Participating Jurisdictions (PJs) and their partners with regulatory guidance to improve the efficiency and effectiveness of the program.

All references made in this document to the HOME regulations are to the regulations as amended in the 2013 HOME Final Rule 24 CFR Part 92, as published in the Federal Register and accessible at http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr92_main_02.tpl

I. REGULATORY REQUIREMENTS FOR CHDO CERTIFICATION

To be considered for CHDO certification an applicant organization must demonstrate that it has the capacity to own, develop, or sponsor housing that qualifies as eligible housing under the Home Investment Partnerships (HOME) Program. Applicant organizations must possess certain legal and organizational characteristics described in the HOME regulations 24 CFR Part 92.2 Subpart A. The regulations can be viewed at the following website:

http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr92_main_02.tpl

CITY OF SANTA BARBARA REQUIREMENTS FOR CHDO CERTIFICATION

Certification of a CHDO is subject to applicant eligibility pursuant to 24 CFR Part 92.2, funding availability and immediate need for housing. The Community Development Housing and Human Services Division (HHS) will review all applications and make recommendations to the HHS Manager. A minimum score of 70 points, based on four evaluation criteria, will be required for City certification as an eligible CHDO.

A CHDO must apply for certification with each project proposal submitted in response to a Notice of Funding Availability (NOFA) and or Request for Proposals (RFP). All required forms, attachments and documentation must be included. Faxed applications will not be accepted.

To begin the application process:

- Read this “Certification Application and Guidelines”
- Ø Read HOME regulations 24 CFR Part 92
- Ø Fill out the application for CHDO Certification at www.santabarbaraca.gov

The U. S. Department of Housing and Urban Development (HUD) CHDO certification criteria includes:

Legal Status

1. **Organized under state/local law:** An applicant CHDO must show evidence to the City, either in their charter or articles of incorporation, that they are organized under State or local law.
2. **Purpose of organization:** Among its purposes, the organization must have the provision of decent housing that is affordable to low income people. This must be evidenced by a statement in the organization's charter, articles of incorporation, by-laws, or resolutions.
3. **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 organization's charter or articles of incorporation.
4. **Relationship with for profit entities:** Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A CHDO 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 CHDO's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;
 - iii. The CHDO must be free to contract for goods and services from vendors of its own choosing; and
 - iv. The officers and employees of the for-profit entity may not be officers or employees of the CHDO.
5. **Clearly defined service area:** The organization must have a clearly defined geographic service area which can be described and documented for the City. A CHDO may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a County, City, or multi City area), they may not include the entire state.
6. **Nonprofit status:** The organization must have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. The ruling must be evidenced by a 501(c) certificate from the IRS. The 501(c) designations permissible for CHDOs under the HOME regulations are:
 - a. 501(c)(3) status - a charitable, nonprofit corporation
 - b. 501(c)(4) status - a community or civic organization
 - c. Section 905 status - subordinate organization of a 501 (c) organization.
 - d. Note that most corporate and philanthropic giving is limited to 501(c) (3) organizations. Therefore, seeking a 501(c) 4 designation may ultimately limit the CHDO's capacity to raise nongovernment funds.
7. **Relationship with governmental entities:** The organization may not be a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and may not be controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO, however:
 - i. The governmental entity may not appoint more than one-third of the membership of the organization's governing body;
 - ii. No more than one-third of the board members may be public officials or employees of the governmental entity.
 - iii. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members.

- iv. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization.

ORGANIZATIONAL STRUCTURE

The HOME Program establishes requirements for the organizational structure of a CHDO, in order to ensure that the governing body of the organization is controlled by the community it serves. The following requirements must be evidenced in the organization's by-laws, charter, or articles of incorporation.

1. Maintains at least 1/3 of the organization's board membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.
2. Provides a formal written process for low-income, program beneficiaries to advise the CHDO in all of its decisions regarding the design, siting, development, and management of affordable housing.

CHDO ROLES

A certified CHDO must serve as the owner, developer, or sponsor of a HOME-eligible project when using funds from the CHDO set-aside. A CHDO may serve in any of these roles for several projects or it may undertake projects in which it combines roles, such as being both an owner and developer. (SEE ATTACHMENT 1, PAGE 21)

EXPERIENCE

CHDOs must demonstrate a history of serving the community where the HOME assisted housing will be located. CHDOs must provide evidence of serving the community by providing the following:

1. A performance history that clearly details, at least one year of serving the community, prior to the application submittal date. The performance history must be signed by the executive director or president of the applicant organization. (SEE STATEMENT OF SERVING COMMUNITY, PAGE 16).
2. For newly created organizations formed by churches, service or community organizations, provide a performance history that the parent organization has at least one year experience serving the community.

CAPACITY

CHDOs must demonstrate capacity for carrying out housing projects assisted with HOME funds through the submission of documentation (e.g. resumes, contracts, etc.) as follows:

1. If undertaking development activities as a developer or sponsor: The CHDO 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 CHDO, the CHDO may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization.
2. If undertaking an activity in the role of owner: The CHDO 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.

FINANCIAL ACCOUNTABILITY

CHDOs must have financial accountability standards that conform to the requirements detailed in 24 CFR 84.21, “Standards for Financial Management Systems.” The standards can be found at the following website:

<http://www.gpo.gov/fdsys/granule/CFR-2004-title24-vol1/CFR-2004-title24-vol1-sec84-21>. Scroll down the webpage to the highlighted Section 84.21 under Subpart C “Post Award Requirements.”

Provide a signed statement by the executive director or chief financial officer of the organization attesting that the CHDOs financial accountability standards conform to those standards set forth in 24 CFR 84.21. (SEE AFFIDAVIT OF STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS, PAGE 13)

1. **OR** provide a certification from a certified public accountant stating that the CHDOs financial accountability standards conform to those standards set forth in 24 CFR 84.21.
2. **OR**, a HUD-approved audit summary

USE OF FUNDS

A CHDO acting as an **owner, sponsor, or developer** may undertake the following activities:

- acquisition and/or rehabilitation of rental property;
- new construction of rental housing;

A CHDO acting as an owner, sponsor or developer **may not** undertake the following activities with City of Santa Barbara HOME Funds:

- rehabilitation of existing homeowners’ properties;
- Tenant-based rental assistance.

II. EVALUATION CRITERIA

A minimum score of **70 points** will be required in order to qualify as a CHDO. Applications will be evaluated based on the following criteria.

Evaluation Criteria	Maximum Points
Experience and Qualifications: Number of years in business. Letters of reference from parties/agencies knowledgeable of the applicant organization’s experience and performance. Evidence of the organization’s relevant experience in completing projects similar to the proposed activity, including prior federal experience, successful adherence to program requirements, and regulations.	55
Capacity: Staff’s professional and technical competence will be evaluated, based on resumes submitted. Organization’s capacity to carry out the proposed work.	15
Conformance to Application Requirements: Based on submission of a comprehensive application and required documentation; relevance and completeness of submitted materials.	15
Readiness to Proceed: Evidence that the applicant organization is adequately staffed, funded and prepared to begin work immediately after contract execution and issuance of a notice to proceed.	15
TOTAL POINTS	100

Experience and Qualifications (0-55 points):

A. Number of years in business (0-15 Points):

- 1) 0 points if the applicant organization was formed less than 6 months from the date of application submittal.
- 2) 3 points if the applicant organization was formed more than 6 months but less than 2 years from the date of application submittal.
- 3) 6 points if the applicant organization was formed more than 2 years but less than 5 years from the date of application submittal.
- 4) 9 points if the applicant organization was formed more than 5 years but less than 7 years from the date of application submittal.
- 5) 12 points if the applicant organization was formed more than 7 years but less than 10 years from the date of application submittal.
- 6) 15 points if the applicant organization was formed more than 10 years from the date of application submittal.

B. Letters of Reference (0-5 points):

- 1) 0 points if the applicant organization fails to provide letters of reference dated no later than 90 days prior to the date of application submittal.
- 2) 5 points if the applicant organization provides 3 letters of reference dated no later than 90 days prior to the date of application submittal.

C. Experience and Performance History (0-20 points):

- 1) 0 points if in the past five years, the applicant organization has completed 0 projects.
- 2) 10 points if in the past five years, the applicant organization has completed at least 5 projects.
- 3) 15 points if in the past five years, the applicant organization has completed at least 10 projects.
- 4) 20 points if in the past five years, the applicant organization has completed at least 15 projects.

D. Prior Federal Experience (0-15):

- 1) 0 points if in the past five years, the applicant organization has completed 0 HUD or other federally funded projects.
- 2) 6 points if in the past five years the applicant organization has completed 1 HUD or other federally funded projects.
- 3) 9 points if in the past five years the applicant organization has completed 2 HUD or other federally funded projects.
- 4) 12 points if in the past five years the applicant organization has completed 3 HUD or other federally funded projects.
- 5) 15 points if in the past five years the applicant organization has completed 4 or more HUD or other federally funded projects.

Capacity (0-15 points):

- 1) 0 points if applicant organization's staff lacks experience in housing projects similar to the proposed project.
- 2) 5 points if applicant organization's staff has 2 or more years of experience in housing programs similar to that proposed.
- 3) 10 points if applicant organization's staff has 5 or more years of experience in the housing programs similar to that proposed.
- 4) 15 points if applicant organization's staff has 10 or more years of experience in the housing programs similar to that proposed.

Conformance to Application Requirements (0-15 points):

- 1) 0 points if submittal fails to meet any of the regulatory requirements as noted in Section I of this document, and the information required in the *Submittal Requirements* on page 1.
- 2) 15 points if submittal meets all provisions of the regulatory requirements as noted in Section I of this document, and the information required in the *Submittal Requirements* on page 1.

Readiness to Proceed (0-15 points):

- 1) 0 points if applicant organization does not have a minimum of 2 experienced staff dedicated to the proposed project.
- 2) 0 points if applicant organization does not have an attainable schedule of performance.
- 3) 0 points if applicant organization does not have other financing commitments.
- 4) 5 points if applicant organization has a minimum of 2 experienced staff dedicated to the proposed project.
- 5) 5 points if applicant organization has an attainable schedule of performance.
- 6) 5 points if organization has other financing commitments.

Community Housing and Development Organization (CHDO) Certification Application

The undersigned hereby submits an application to the City of Santa Barbara for certification as a CHDO and for financial assistance under the HOME Program. The undersigned certifies that all information herein is true and correct, to the best of his/her knowledge.

Submitted applications must have the signature of the representative with authority to execute documents on behalf of the applicant organization.

Authorized Representative Signature:		
Representative's Printed Name:	Title:	Date:

Organization Name:					
Contact Person:					
Mailing Address:					
City:		State:		Zip:	
<i>If applicant's mailing address is different from the physical address, provide the physical address below:</i>					
Physical Address:					
City:		State:		Zip:	
		Phone:		Fax:	
Email:			Website:		
Phone:			Fax:		
Parent Organization, if any:					
Date of Incorporation:			Tax ID Number:		
IRS Tax Status: (Please check appropriate box)					
<input type="checkbox"/> 501(c)(3) Received: _____ <input type="checkbox"/> 501(c)(4) Received: _____ <input type="checkbox"/> Other: _____					

FUNDING REQUEST			
Project Name:			
Amount:			
Proposed Development:	Address:	City:	Zip:

LEGAL STATUS

A. The nonprofit organization is organized under the State or Local laws as evidenced by:

Charter, Or Page Number _____

Articles of Incorporation Page Number _____

B. No part of its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

Charter, Or Page Number _____

Articles of Incorporation Page Number _____

C. Has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3) or (4) of the Internal Revenue Code of 1986, as evidenced by:

A 501(c) (3) or 501(c) (4) Certificate from the IRS dated 1986 or later.

NOTE: The exemption ruling from the IRS must be effective on the date of application submittal and must continue to be effective while the organization is certified as a CHDO. **Pending applications** with the IRS for either 501(c) (3) or 501(c) (4) status **cannot be used** to comply with this tax status requirement.

D. Has as its primary purpose the provision of decent housing that is affordable to low-moderate income people, as evidenced by a statement in organization's:

Articles of Incorporation, OR Page Number _____

By-laws, OR Page Number _____

Charter, OR Page Number _____

Resolutions Page Number _____

CAPACITY

A. Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems," as evidenced by:

- Affidavit of Standards for Financial Management Systems (see page 13) signed by the President, Chairman, or Chief Financial Officer of the organization, OR
- A certification from a Certified Public Accountant, OR
- A HUD approved audit summary

B. Shows evidence of financial reporting ability by attaching the most recent financial statements of the organization (audited if possible) and a copy of the current year's operating budget as approved by the Board of Directors.

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

- Resumes that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; OR
- If in the first year of funding as a CHDO, contracts with experienced consulting individuals or firms that will train key staff. These consultants must have housing experience similar to the project that will be assisted with HOME funds and resumes of key staff to be trained must also be submitted;

AND

- Organization chart for organization delineating lines of authority, including employee names and titles.

D. Has a history of serving the community, within which housing to be assisted with HOME funds is to be located, as evidenced by ALL of the following:

- Statement of Serving the Community (see page 16) documenting at least one year of experience in serving the community where HOME funds will be used.
- Two most recent years audited financials.
- Board minutes from a board meeting **in each quarter of the previous year**. Board minutes of the parent organization may be submitted only for a newly formed organization.
- In the space below, identify the city of the proposed property where HOME funds are to be used and a statement of the boundaries of the service area or "community" that the organization serves. Attach a boundary map only, which clearly delineates the applicant organization's service boundaries.

ORGANIZATIONAL STRUCTURE

A. 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:

- | | | |
|--|-------------|--------|
| <input type="checkbox"/> Articles of Incorporation, OR | Page | Number |
| <input type="checkbox"/> By-laws, OR | Page | Number |
| <input type="checkbox"/> Charter | Page Number | _____ |

AND

- Affidavit of "Low Income Representation" signed by the Board of Director's Chairperson (SEE PAGE 13).

AND

- Current roster of all Board Members, including names, titles, professional affiliations, if any, and physical home addresses.

AND

- Board Member Information Form completed and signed by each member. "Low-income" as defined by the U.S. Department of Housing and Urban Development (HUD) is an annual income that does not exceed 80 percent of the median income for the area, after making adjustments for family size.

B. Provides a formal written process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects, as well as procedures as to how the formal process will be implemented (public hearings, flyers, media, etc. as evidenced by:

- | | | |
|---|-------------|-------|
| <input type="checkbox"/> By-laws, OR | Page Number | _____ |
| <input type="checkbox"/> Resolutions, OR | Page Number | _____ |
| <input type="checkbox"/> The date of the most recent meeting between low-income beneficiaries and the Board for purposes of this Advisement Process was _____. Attach the meeting agenda and either minutes of sign-in sheet. | | |

C. A CHDO may be chartered by State or local laws, but the following restrictions apply: (1) the State or local government **may not appoint** 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 (including employees of the Participating Jurisdiction or State recipients), as evidenced by the CHDO's:

- | | | |
|--|-------------|-------|
| <input type="checkbox"/> Articles of Incorporation, OR | Page Number | _____ |
| <input type="checkbox"/> By-laws, OR | Page Number | _____ |
| <input type="checkbox"/> Charter | Page Number | _____ |

D. If the 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, as evidenced by the CHDO's:

- Articles of Incorporation, OR Page Number _____
- By-laws, OR Page Number _____
- Charter Page Number _____

E. If the organization is sponsored or created by a for-profit entity, the CHDO **must be free to contract for goods and services** from vendors of its own choosing, as evidenced by:

- Articles of Incorporation, OR Page Number _____
- By-laws, OR Page Number _____
- Charter Page Number _____

RELATIONSHIP WITH FOR-PROFIT ENTITIES

A. The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by:

- A Memorandum of Understanding (MOU), OR MOU Attached
- By-laws Page Number _____

B. A CHDO may be sponsored or created by a for-profit entity provided the for-profit entity's primary purpose does **not** include the development nor management of housing, as evidenced by:

- By-laws Page Number _____

Community Housing Development Organization (CHDO) Certification Affidavit of Standards for Financial Management Systems

Date:

Affiant:

Recipient:

(Insert exact legal name of the organization)

Affiant declares that the following statements are true and are within the personal knowledge of Affiant:

1. Affiant is the President AND / OR Chief Financial Officer of the applicant organization and is authorized to make this affidavit on behalf of applicant organization.
2. Recipients' financial management systems conform to the financial accountability standards set forth in 24 CFR 84.21, by providing for and incorporating the following:
 - a. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project;
 - b. Records which identify the source and application of funds for federally-sponsored activities. These records contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest;
 - c. Control over and accountability for all funds, property and other assets; adequate safeguards of all such assets shall be adopted to assure that all assets are used solely for authorized purposes;
 - d. Comparison of outlays with budget amounts for each award;
 - e. Written procedures to minimize the time elapsing between the receipt of funds and the issuance or redemption of checks for program purposes by the recipient;
 - f. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of Federal cost principles (Circular A-122) and the terms and conditions of the award;
 - g. Accounting records, including cost-accounting records that are supported by source documentation.

Affiant:

Title:

Community Housing Development Organization (CHDO) Certification Affidavit of “Low Income Representation” Among Board Members

On this ____ day of _____, 20_____.

I (insert name), _____,
hereby certify that each of the individuals identified in the attached “Board Member Certification Form” are
representatives of the low income community served by _____ CHDO.
Each member is either a:

1. Resident of a low-income neighborhood served by the CHDO, or
2. A low-income resident of the community served by the CHDO, or
3. An elected representative of a low-income neighborhood organization that is located within the area served by the CHDO.

Each is an active member of _____ Board of Directors.

“Low income” is defined as households whose annual incomes do not exceed 80% of the median income for the area, as determined by HUD with adjustments for smaller and larger families.

In 2018, the 80% income limits for the City of Santa Barbara City are as follows:

1 Person	2 Persons	3 Persons	4 Persons	5 Persons
\$56,250	\$64,250	\$72,300	\$80,300	\$86,750

I certify that the above statement is true and correct. I understand that any misstatement or falsification of information shall be grounds for denial or revocation of certification for CHDO status.

Affiant Signature:

Print name & Title:

BOARD MEMBER INFORMATION FORM

This form must be completed, signed, and dated by each current member of the Board of Directors. **Make copies as needed.**

I am a board member of the following nonprofit organization seeking CHDO status:

Board Member:	_____	
	(Print Name)	Office
Home Address:	_____	
Phone:	_____	

Business:	_____	

PLEASE CHECK ANY OF THE FOLLOWING THAT APPLIES TO YOU:

- I am a resident of a low-income neighborhood. (This does not mean that you must be a low-income person; only that your residence is in a low-income neighborhood.)
- I am a low-income resident of the community. (Community can mean neighborhood, City, or metropolitan area)
- I am an elected representative of a low-income neighborhood organization. (Attach evidence of election to the board of directors for the low-income neighborhood organization, such as Minutes, etc. Name of organization and your title:

(Examples of such organizations would be neighborhood block groups/organizations, civic associations, neighborhood faith-based groups, etc.)

- I am a representative of the public sector. (A public sector representative is any elected public official, any appointed public official, any employee of a public agency or department, or any individual who is appointed by a public official to serve on a CHDO board.)

I certify that the information above is correct as of the date indicated below.

Signature	Date
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Community Housing Development Organization (CHDO) Certification Statement of Serving the Community (at least one year)

Provide a brief chronological overview of the applicant organization's relevant programs/services/housing provided to the community where the housing will be located. *The executive director or president of the applicant organization is to sign below.*

From Date	To Date	Service Provided	Outcome
DATE:		SIGNATURE:	TITLE: