

County of McHenry



Community Housing Development Organization Application for CHDO Certification

Community Development Division Planning and Development Department

2200 North Seminary Avenue Woodstock, Illinois 60098

Telephone: 815.334.4560 | Facsimile: 815.337.3720 | Web: co.mchenry.il.us

Effective February 8, 2013

**McHenry County Department of Planning and Development
Community Development Division**

**Community Housing Development Organization (CHDO) Certification
Submittal Procedures (Continued)**

Please complete the enclosed CHDO Certification Application documents. Submit one (1) original signed, printed form, bound and tabbed according to the Document Outline on the following page. Additionally, an Adobe .pdf electronic version (scanned documentation) of your application is required to be submitted in a CD format.

Submit Applications to:

By Mail:

Community Development Administrator
Community Development Division
McHenry County Department of Planning and Development
2200 North Seminary Avenue
Woodstock, IL 60098

In Person:

Community Development Administrator
Community Development Division Suite 207
McHenry County Department of Planning and Development
667 Ware Road
Woodstock, IL 60098

*NOTE: The applicant understands that any documentation contained in a submission for CHDO Certification is subject to publication and FOIA laws that govern McHenry County and HUD grant programs.

McHenry County and CHDO's:

A Community Housing Development Organization, better known as a "CHDO," is a community-based nonprofit with 501 (c) status purposed with providing and developing affordable housing for a defined geographical area.

McHenry County Certifies CHDO's to work within the boundary limits of the County in both incorporated (municipal jurisdictions) and unincorporated areas.

HUD requires that the County *reserve* no less than fifteen (15%) percent of HOME allocations for the investment in housing developed, sponsored, or owned by CHDO's. Up to five (5%) of the total HOME grant may be used to provide operating expenses for CHDO's, and up to ten (10%) of the CHDO reserve total may be used for pre-development purposes. The County may choose to reserve more funds in any given program year to be expressly used for CHDO development. CHDO organizations must commence project specific work within three (3) months of receiving a CHDO operating obligation and within twelve (12) months for a construction-related obligation in order to maintain grant funds. **CHDO organizations that do not commence any CHDO eligible activity regardless of funding source or a HOME CHDO reserve or HOME general grant within twelve (12) months of certification will be de-certified and required to complete certification prior to future applications.** Other grant restrictions may apply during HOME grant funding rounds.

CHDO structure:

CHDO's are designed to work within specific geographic areas. The Division certifies CHDO's to operate within the limits of the entire County. CHDO's may be self-operating entities or under the sponsorship of another organization serving the jurisdiction's defined area. Typically, CHDO's use funding for all eligible activities under the HOME Program; however, only the following general activities count towards the spending of reserved funds:

- Rehabilitation and/or acquisition of rental housing
- New construction of rental housing
- Rehabilitation and/or acquisition of homebuyer properties
- Financial assistance to purchasers of HOME-assisted housing either sponsored or developed by a CHDO

CHDO's may also utilize HOME funds for the following activities not designated under the CHDO reserve:

- Tenant-based rental assistance
- Home-owner rehabilitation
- Real-estate transactions, brokering

CHDO's may compete in the CHDO reserve round or general HOME round for any HOME eligible project. CHDO operating funds are available only when designated as part of the HOME grant funding NOFA.

To achieve the ultimate goal of developing affordable housing, CHDO's typically function in three main capacities:

CHDO's as owners:

A CHDO acts as an owner when legal title or long-term lease (99 years minimum, often termed perpetuity) is held in a property. CHDO's may co-own with other nonprofit or for-profit entities and work with outside developers or serve as both the owner and developer of a project.

CHDO's as developers:

A CHDO acts as a developer only when it either owns a property and completes development, or secures a contract with a property owner to develop and have subsequent completion, title transfer as applicable, and affordability parameters. A CHDO earns developer fees similar to for-profit development companies.

CHDO's as sponsors:

A CHDO acts as a sponsor usually in conjunction with development and conveys ownership to a second, legally and financially separate nonprofit which then assumes all HOME obligations.

CHDO's must always maintain effective control of the project regardless of capacity.

PY2013 Update Parameters

The primary change to the CHDO definition under the HOME program pertains to CHDO Development capacity, including a provision that the CHDO has demonstrated development experience as related to current CHDO staff. The County has pared down this requirement into two parts:

1. CHDO staff

HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO. Staff does not include volunteers, board members, or consultants. This requirement may be met by part-time or full-time employees, or contracted employees that are actual employees and not consultants. In addition to day-to-day operations, employees must have the ability to act on behalf of the CHDO for day-to-day decisions. Please consult the application requirements for supporting documentation to meet these criteria.

2. CHDO Development Capacity

HUD requires certification that the current CHDO staff has experience developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed. Additionally, the actual organizational capacity and fiscal soundness is evaluated as related to the ability to execute projects, and compliance with HOME and OMB regulations. The capacity evaluation for certification will determine the organization's capacity for project work, financial stability including organizational funding and portfolio, and financial management policies and procedures. Please consult the application requirements for supporting documentation to meet these criteria.

This packet only serves to certify CHDO's; it has no relation to actual CHDO project and operation programming.

The McHenry County reserves the right to request additional information regarding any application submitted for CHDO Certification and/or funding under the McHenry County Community Development HOME/CDBG Housing Fund.

**McHenry County Department of Planning and Development
Community Development Division**

**Community Housing Development Organization (CHDO) Certification
Submittal Procedures (Continued)**



CHDO CERTIFICATION APPLICATION

The following application documents are to be completed by an authorized representative of the organization applying for CHDO Certification with McHenry County.

Organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Website: _____

Contact Person: _____

Contact Phone: _____ Fax: _____

Contact E-mail: _____

Date of Incorporation: _____ Tax ID Number: _____

Tax Status: (select one)

- 501 (c)3 Received
- 501 (c)3 Pending
- 501 (c)4 Received
- 501 (c)4 Pending
- Other: _____

Document Outline:

Required documents and attachments should be labeled as outlined below. All materials must be printed on single sides. An electronic version must also be submitted.

Document 1 – Cover Letter – discuss your organization, purpose of becoming a CHDO with McHenry County

Document 3 – Completed McHenry County CHDO Certification Application forms (see enclosed document)

Attachment A – Articles of Incorporation OR Charter

Attachment B – Proof of Non-Profit Status as provided by the IRS and/or or State of Illinois

Attachment C – Statement of selection process for Board membership

Attachment D – Board of Directors Composition Certification (see enclosed documents (2 required)) A Maximum of one-third of the applicant's governing board membership may consist of representative of the public sector, as evidenced by the organization's By-Laws, or Articles of Incorporation. The public sector is defined as elected officials, appointed public officials, public employees, and appointees of public officials. Public sector representatives may not, in turn , appoint other members of the board of directors.

Attachment E – A Minimum of one-third of the applicant's governing board membership must be residents of low-income neighborhoods, low-income community residents, or elected representative of low-income neighborhood organizations such as block clubs, or neighborhood watches as evidenced by a resolution from the low-income organization's board. A list of board members must be provide indicating which below-income representatives and how they qualify to meet the eligibility

Attachment F – Organization By-laws

Attachment G – Statement of geographic service area, as evidenced by its Charter, Bylaws, or Articles of Incorporation. Geographical service area may be defined as a neighborhood or neighborhoods, city or counties.

Attachment H – Statement of organization financial policy and accounting standards as related to 24CFR 84.21, "Standards for Financial Management Systems", as evidenced by a notarized statement by the president, or chief financial officer of the organization, a certification from a Certified Public Accountant or a HUD approved audit summary. Please provide narrative responses, including a citation reference to the policies and procedures document to the points below:

- a. Specify the nature of which financial records are maintained. Describe the basis of data development, analysis, and record used for accounting.
- b. Explain how records source the recipient use of funds per funding type

- c. Identify controls to account for funding real property, assets, and physical property to insure usage is for applicable purposes
- d. Outline the organizations budgeting system
- e. Outline the procedure to track financial expenditures in relation to actual unit cost and actual time accruals (i.e salaries per grant related projects)
- f. Describe process for accepting funds, requisitions, disbursements, and account methods
- g. Outline procedures for determining whether financial disbursements are program eligible
- h. Outline dates for organizational audit activity
- i. Submit a copy of the organizations most current balance sheet
- j. Submit a copy of the organizations most current audit
- k. Submit a copy of organizations most current profit and loss statement/income statement

Attachment I– HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO. Staff does not include volunteers, board members, or consultants. This requirement may be by part-time or full time employees, or contracted employees that are actual employees and not consultants. Employees must have the ability to act on behalf of the CHDO for day-to-day decisions.

To demonstrate compliance with CHDO staff definitions, the following documentation must be provided:

- a. Resumes and experience statements of employees of the organization-
- b. Listing of Staff members of CHDO- provide name and title, identify if full-time, part-time, contracted employee, and hours worked per pay period.
- c. Job Description for each staff position including day-to-day responsibilities and programmatic responsibilities
- d. Evidence of payment to currently employed staff, may include payroll, w-2, s-4, and if contracted, must include copy of contract agreement, w-9 and 1099; personal information should be removed, a form identifier i.e employee name or position must be referenced on documentation

Attachment J - Applicant or its parent organization has at least one year of experience in serving the community where housing will be assisted as evidenced by a written statement signed by the president of the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided) such as, developing new housing, rehabilitating existing housing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities;

Attachment K – Mission statement and organizational goals

Attachment L – Statement of the CHDO's capacity to serve needs as defined by the CHDO for McHenry County. HUD requires certification that the current CHDO staff has experience developing projects of the same size, scope, and level of complexity as the activities for which HOME funds are being reserved or committed. Additionally, the actual organizational capacity

and fiscal soundness is evaluated as related to the ability to execute projects, and compliance with HOME and OMB regulations.

Attachment M – Timeline of planned CHDO projects and future projects over course of next twelve months. Include project description including project location, statement of need and estimated number of units, outline of previously completed project specific activity (i.e. market assessments, community outreach), and applicable funding sources Applicant is to provide a statement of current projects under construction both HOME and non-HOME, scope of work and timelines for each project

Attachment N– Description of past project/operating activity as related to affordable housing, please list organizations role (developer, contractor, investor, property manager) and its partners in these projects

Attachment O – Statement of CHDO operating needs including budget with core line items related to salaries, general overhead, and project operations

Attachment N - Applicant is to provide a listing of the organizations current asset portfolio including the designation of project type (i.e. rental, single-family), number of units, in-service date, and periods of affordability as applicable

Attachment P - Applicant is to provide an outline of development team members per project type – if members are not specific employee positions, identify standing professional partnerships (i.e. management companies, architects) or process for selecting such partnerships

Attachment Q – copy of most recent tax filing indicating nonprofit filing status

Attachment R – Conflict of Interest Certification (see enclosed document)

Attachment S – Resolution or official documentation from the organization’s Board of Directors indicating approval for submission of a CHDO Certification Application and naming the organization representative with authority to execute the CHDO Certification Application.

Attachment T – Certification of Application Documentation and Contact (see enclosed document)

**McHenry County Department of Planning and Development
Community Development Division**

**Community Housing Development Organization (CHDO) Certification
Submittal Procedures (Continued)**

Additional Requirements:

Any documentation required as part of the CHDO application document should be attached at the end of the application submission and referenced in the table of contents to the correlating question. Documentation should be labeled as “supporting documentation for CHDO Checklist Certification Response #_____.” If the document is part of the required documents as outlined in Attachments A-T, please reference the appropriate Attachment, however a duplicate document is not necessary.

If the CHDO is in an agreement with a sponsor organization, a copy of the Sponsor/CHDO written agreement is required as part of this submittal, in addition to Attachments A, B, C, D, E, F,G and I of the Sponsor organization. Documentation demonstrating the contribution of the Sponsor organization in the capacity of community and housing development specific to McHenry County for a minimum period of two (2) years is also required. This must include a listing of McHenry County specific projects including project type, location, and date of completion.

All applications for CHDO Certification will be reviewed by Division staff within fifteen (15) days of receipt. The applicant has thirty (30) days to respond to any request by staff for additional documentation or information, or to a notice of rejection of the application. If the requested documentation or information is not received within the thirty (30) day period, the application will be denied and applicants may not re-submit an application for certification for a period of six (6) months from the date of denial. A letter of certification will be sent to qualifying CHDO organizations within thirty (30) days of application submission.

McHenry County requires certification prior to application to HUD Funding Programs and application closing dates may apply. The CHDO certification process and related HOME Program applications are administered by the Community Development Division of the Planning and Development Department. Additionally, the McHenry County Housing Commission and McHenry County Community Development Block Grant Commission provide oversight of the programs and are the entities responsible for funding decisions. The County reserves the right to amend the policies, procedures, and requirements of CHDO's at any time. CHDO's are required to be certified on a bi-annual basis; it is the responsibility of the CHDO to notify the County of any modification of documentation or organizational composition and to submit related documentation to the Division within thirty (30) days of such modification. Prior to receiving CHDO Operating funds, a CHDO must be certified for the same Program Year regardless of current status.

Please provide a written narrative of the following:

Board Membership Information

A. How often does your Board of Directors meet?	
B. What are the standing Board Committees? (add more lines as necessary)	
<i>Committee Name</i>	
1	
2	
3	
4	
5	
6	
7	
8	
C. Board President:	
<i>Name</i>	
<i>Mailing Address</i>	
<i>Start Date</i>	
<i>Term Expiration Date</i>	

D. Identify specific activities of board members that related directly to the development and financing of housing; include additional activities or characteristics relative to operations as a CHDO.)

E. Explain any recent changes to the composition of the Board, such as turnover, a new President, etc.

Board Member Listing: You may expand this table to include additional board members if needed.

	1	2	3	4
Current Board Members	Resident of a Low-Income Neighborhood in the Community (check box) (Supply Certification of Low Income Board Membership Form)	Low-Income Resident of Community (check box) (Supply Certification of Low Income Board Membership Form)	Elected Representative of Low-Income Neighborhood Organization (check box) (Supply Certification of Low Income Board Membership Form)	Public Official or Employee (check box)
1. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
2. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
3. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
4. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
5. Name:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				

7. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
8. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
9. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
10. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
11. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
12. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
13. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				
14. Name:				
Employer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Job Title:				

Certification of Low-Income Representation:

The following certification document is to be completed by any Board member of the CHDO applicant organization stated a representative of low-income persons.

Name of Board Member: _____

Certification statement:

I, _____, certify that I am a member of the governing board of _____ (name of CHDO applicant organization) and that I represent the interests of low-income persons in McHenry County. I am:

(select one of the following)

- A low-income resident of McHenry County as classified by the 80% AMI designation.
- A resident of a low-income neighborhood in McHenry County as designated by the County through the most current Consolidated Plan and applicable U.S. Census data.
- An elected representative of a low-income area of McHenry County as designated by the County through the most current Consolidated Plan and applicable U.S. Census data.

By _____

Signature of the person whose name appears in the certification statement above

State of Illinois, County of McHenry

Signed (or subscribed or attested) before me on _____, 20____

Signature of Notary Public

Notary seal:

Certification of Conflict of Interest

Under the HOME Act, the following Conflict of Interest Regulations apply:

The applicant organization agrees to abide by the provisions of 24 CFR 92.356, 24 CFR 85.36 and 24 CFR Part 84.42 with respect to conflicts of interest, and covenants that it presently has no financial interest and shall not acquire any financial interest direct or indirect, or any such benefit, which would conflict in any manner or degree with the performance of services required per this application and receipt of a CHDO designation. The applicant organization further covenants that in the performance of this application and if in receipt of a CHDO designation, no person having such a financial interest shall be employed or retained by the applicant organization hereunder. These conflicts of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the applicant organization. Further, said persons affiliated with the applicant organization may not have an interest in any contract, subcontract, or agreement with respect thereto, as a result of this application and potential receipt of a CHDO designation for themselves or those with whom they have family or business ties during the tenure of affiliation with the organization and for one year thereafter. Lastly, no person as outlined herein may acquire a financial interest or any such benefit due to family or business ties to a member, an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction known as the County of McHenry.

All employees and members of the Board of Directors must complete the following Conflict of Interest Certification Statement, and by submission of a CHDO certification application, the organization certifies it will adhere to the requirements of the Conflict of Interest regulations as outlined above, as described in federal statutes represented in conjunction with the 24 CFR Part 92 and any State of Illinois and McHenry County regulations. If any employee or member of the Board of Directors is unable to complete the certification, a waiver must be requested of the Division to be submitted to HUD for final approval. If the waiver is approved, the CHDO certification application will be reviewed accordingly. If the waiver is denied, the CHDO certification application will not be reviewed and be considered denied unless the organization certifies that the person at the subject of the waiver request is no longer affiliated with the organization.

Certification of Conflict of Interest:

The following certification document is to be completed by all employees and members of the Board of Directors of the applicant organization.

Name: _____

Organization Affiliation: (check one) **Employee** **Board of Directors**

Certification statement:

I, _____, certify that I am an (circle one) employee or member of the Board of Directors of _____ (name of CHDO applicant organization) and that currently am affiliated with said organization in compliance with the Conflict of Interest regulations as per 24 CFR Part 92.356, 24 CFR Part 85.36 and 24 CFR Part 84.42.

By _____

Signature of the person whose name appears in the certification statement above

State of Illinois, County of McHenry

Signed (or subscribed or attested) before me on _____, 20____

Signature of Notary Public

Notary seal:

Certification of Application Documents and Contact

The following information is to be completed by the organization staff and/or Board member as designated by the Board of Directors to act in the capacity of executing application and contracts on behalf of the organization as related to CHDO certification. Further, the person designated below certifies to the best of their ability and knowledge that the materials contained in this CHDO certification application are true and correct.

Name of Representative
Title
Phone
E-mail
Address for correspondence

By _____

Signature of the person whose name appears in the certification statement above

State of Illinois, County of McHenry

Signed (or subscribed or attested) before me on _____, 20____

Signature of Notary Public

Select here for Additional Verification (CHDO Recertification Only):

By making the above selection, I certify that documents not contained in this application that were previously submitted and authorized as part of the organization's previous full CHDO certification of _____ remain unchanged.
(Date of certification)

Notary seal:

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