Department of Planning & Community & Economic Development

**Community Development Division**

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| **Child Care**  **Community Resources**  **Community Development Block Grant**  **Madison Senior Center** |

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The City of Madison’s Community Development Division is required to reserve at least 15% of its annual HOME allocation for investment in housing to be developed or owned by Community Housing Development Organization’s (CHDOs). The Community Development Division is required to certify agencies as an eligible CHDO prior to committing funds under the HOME Program set aside.

This application can be used to either apply to become a CHDO, or to recertify to maintain your status as a CHDO. If you are applying to become a CHDO, please complete the entire application with the required documentation and submit to the Community Development Division.

If you are currently a certified CHDO, you must annually apply for recertification by completing the attached recertification, indicate there have been no changes to the organizational structure and include all supporting documentation. If your organization has experienced changes related to any of the items you must also submit the requested documentation with an explanation of the change that occurred since the previous certification.

**Important:** There is no funding associated with this application. Community Development Division will release a Request for Proposals (RFP) every two years to solicit applications from development teams interested in obtaining federal funds for residential development purposes through the HOME Program.

All information should be emailed to [cddapplications@cityofmadison.com](mailto:cddapplications@cityofmadison.com). If you have questions contact Matt Frater at [mfrater@cityofmadison.com](mailto:mfrater@cityofmadison.com) or 608-266-4209.

**CHDO CRITERIA**

To be certified as a Community Housing Development Organization (“CHDO”), an organization must meet the certification criteria as required by the U.S. Department of Housing and Urban Development (24 CFR 92.2) and comply with the following policies in order to receive and retain CHDO certification from the City of Madison. An agency receiving CHDO funds must re-certify eligibility at the time of funding commitment and at least annually during the Period of Affordability for the project in which funds are awarded.

**ORGANIZATION:** The organization must be formally organized under state and local laws.

**PURPOSE OF ORGANIZATION:** The organization must have among its purposes the provision of decenthousing that is affordable to low- and moderate-income persons. The CHDO must specify its service area within which it will operate.

**tax exempt ruling:** The organization must have a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501(c)(3) of the Internal Revenue Code of 1986.

**BOARD COMPOSITION AND COMPENSATION**: To be certified as a CHDO, at least one-third of the organization’s Board of Directors must consist of representatives of the low-income community and no more than one-third of the Board can be from the public sector. Please note that a board member who is considered to be a public official (as defined under 24 CFR Part 92.2) may not also be considered to be a low-income representative or count toward the Board’s one-third low-income representation minimum. Board members may receive a reasonable fixed sum and expenses for each board meeting he/she attends. However, board members cannot receive a salary for their service as a board member.

**LOW-INCOME BENEFICIARY INPUT:** The organization must have a specific formal (written) process for low-income program beneficiaries to advise the organization in its decisions regarding the design, location of sites, development and management of affordable housing projects within its service area.

**SPONSORSHIP OR CREATION BY A FOR-PROFIT ENTITY:** A for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a wholly secular nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such a builder, contractor, developer, or real estate management firm.

If a CHDO is sponsored or created by a for-profit entity, the entity may not appoint more than 1/3 of the CHDO Board of Directors. In addition, the CHDO may not operate out of offices owned and/or used by the for-profit entity.

**financial accountability**: The organization must have financial accountability standards and certify that its financial management systems comply with a specific standard. Organizations that have been operating for one year or more must submit audited financial statements for the organization’s most recent program year. The audited financials should include a twelve-month balance sheet and operating statement. The financial statements will be used in assessing the organization’s financial capacity for executing the affordable housing activities it intends to pursue.

**EXPERIENCE:** The organization must be able to demonstrate that it has at least one year of experience directly related to the development of housing. Newly created organizations that do not have this experience may meet the requirement if it has a nonprofit parent or sponsor organization that can demonstrate at least one year of experience in the development of housing.

**STAFF AND CAPACITY:** The organization must have experienced paid staff responsible for the day-to-day operations. In addition, it must be able to demonstrate the capacity of its key staff to carry out the housing activities it is planning to undertake.

**City of Madison**

**HOME Investment Partnerships Program**

**Initial Certification and Recertification Application**

**Community Housing Development Organization (CHDO)**

***APPLICANT INFORMATION****:*

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| Name of Organization | | | | | | |
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| Address | | | | | | |
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| City |  | State | | |  | Zip Code |
|  | | |  |  | | |
| Contact Person | | |  | Position with Organization | | |
|  | | |  |  | | |
| Telephone Number | | |  | Email Address | | |
|  | | |  |  | | |
| Fax Number | | |  | Federal Tax I.D. Number | | |

Date of most recent CHDO Certification/Recertification: ­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

I hereby certify that all statements provided in this application and in the attachments herein are true; that I am authorized to sign this application, and to make these statements, on behalf of the applicant organization; and that the organization understands that misrepresentation of any facts which lead to the improper allocation and expenditure of public funds may result in legal action against the organization for retrieval of any such funds and appropriate penalties.

CHDO’s Authorized Representative

By entering your initials in this box initials you are electronically signing your name as the submitter of the application and agree to the terms listed above.

Date:

**I. ORGANIZATIONAL STRUCTURE**

***Recertifying Organizations: Please check box if there has been no amendments or changes in documents since last certification. If amendments have occurred, attach a copy highlighting any such amendments.***

1. **ORGANIZATION**: Organization must be organized under state and local laws and must provide evidence of legal status. Please provide:

* Charter, or
* Articles of Incorporation

No changes or amendments since last certification

1. **PURPOSE OF ORGANIZATION**: An organization must have among its purposes the provision of decenthousing that is affordable to low and moderate-income persons. Please provide the following:

* By-laws of the organization,
* Articles of Incorporation,
* Charter, or
* Resolution.

No changes or amendments since last certification

1. **tax exempt ruling**: Provide evidence that it has a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501 (c) of the Internal Revenue Code of 1986.

* A 501 (c) (3) Certificate Letter from the IRS
* A 501 (c) (4) Certificate Letter from the IRS

No changes or amendments since last certification

1. **service area:** To receive certification an organization must have a clearly defined geographic service area. The service area can be an area larger than a single neighborhood but must be within the City of Madison’s Participating Jurisdiction. Please provide the following:

* Neighborhood Name(s), Census Tract(s), Zip Code(s), and Boundary Streets
* Include a Map
* If the organization wishes to work city-wide, please indicate it and provide information as to existing or anticipated projects with addresses, neighborhoods, census tract, and zip codes.

No changes or amendments since last certification

1. **EXPERIENCE:** The organization must be able to demonstrate that it has least one year of experience **directly related to the development of housing**. Newly created organizations that do not have this experience may meet the requirement if they have a nonprofit parent or sponsor organization that can demonstrate at least one year of experience in the development of housing. Please provide one of the following:

* A narrative statement, signed by the Executive Director or Board President, documenting that the organization has at least one year of experience directly related to the development of housing prior to seeking CHDO certification;.
* A statement signed by the Executive Director or Board President that documents that its parent or sponsoring organization has at least one year of experience related to the development of housing; or
* A signed agreement or letter of understanding between your organization and the nonprofit parent or sponsor organization that documents the relationship between the two organizations.

No changes since last certification, continue to have demonstrated capacity

1. **RELIGIOUS ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a religious organization?

Yes

No

If the answer above is “Yes,” please note that a religious organization cannot qualify as a CHDO, but a religious organization may sponsor the creation of a wholly secular nonprofit. Housing units developed by the CHDO organization must be made available to all persons, regardless of religious affiliation or belief.

1. **FOR-PROFIT ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a for-profit entity?

Yes

No

If the answer above is “Yes,” a for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, contractor, developer, or real estate management firm. The for-profit entity may not 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 the CHDO organization must be free to contract for goods and services from vendors of its own choosing. In addition, the CHDO may not operate out of offices owned and/or used by the for-profit entity.

**II. REQUIRED ELEMENTS FOR CERTIFICATION AND RECERTIFICAITON**

1. **LOW-INCOME INPUT:** To be certified a CHDO, an organization must have a specific formal (written) process for low-income program beneficiaries to advise the organization in its decisions regarding the design, location of sites, development and management of affordable housing projects. Specifically, the organization must have a detailed written plan for ensuring that input from low-income program residents of the service area will be solicited and integrated into the decision-making and project development processes of the organization. **Please provide a copy of the written procedure for gathering low-income input, and some examples of past outreach efforts.**
2. **financial accountability**: The organization must have financial accountability standards that conform to 24 CFR 84.21, “Standards for Financial Management Systems”. These standards are a variation on OMB Circular A-133 but are an updated version to that circular. The organization must certify that its financial management systems comply with this specific standard. Please provide the following information:

* The most recent certified financial statements that have been audited or prepared by an accountant
* Notarized statement by the president or chief financial officer of the organization, or a certification from a certified Public Accountant.

If your organization does not have audited financial statements because it has been operating for less than one year, you must submit the audited financial statements of the parent or sponsor organization.

*A non-profit organization cannot be certified as a CHDO if the organization’s most recent financial statements and/or audit reflect an outstanding finding, material weakness or other unresolved matter that would affect the capacity of that organization to successfully develop a CHDO project.*

1. **STAFF AND CAPACITY**: The organization must have experienced paid staff responsible for the day-to-day operations. The organization must demonstrate the capacity of its key staff to carry out the activities it is planning to undertake. Please provide the following information:

* Descriptions of key paid staff members who have successfully completed a project(s) similar to those to be assisted with HOME funds. (Include project descriptions of relevant completed projects, the staff member’s experience that will demonstrate their capacity in housing development and the staff member’s percentage of time worked for the organization.)

1. **BOARD COMPOSITION:** At least one-third of the organization’s Board of Directors must consist of low-income representatives that reside in the applicant’s service area and no more than one-third of the Board can be from the public sector. When calculating the one-third requirements, we consider the total number of Board Members regardless of their permanent residence. Board members cannot receive salary for their service as board member.
2. An applicant organization must ensure that at leastone-third of its governing board consists of representatives of low-income communities within its service area. There are three ways to meet this requirement: (1) individuals can be residents of a low-income neighborhood in the organization’s service area but they do not necessarily have to earn a low income themselves, (2) they can be low-income residents of the community; that is, their household income is 80% or less than the Area Median Family Income for the service area as published by the U. S. Department of Housing and Urban Development, or (3) they may be elected representatives of low-income neighborhood organizations.
3. No more than one-third of the organization’s Board of Directors may be from the public sector. Representatives of the public sector include: (1) *elected officials*, such as council members, (2) *appointed public officials,* such as planning or zoning commission, regulatory or advisory boards, (3) *public employees,* which include employees of public agencies or departments of the City such as fire and police, and (4) any individual who is not necessarily a public official, but has been *appointed by a public official* to serve on the organization’s Board of Directors.

To verify that your current Board meets both the low-income requirement and the limits on public sector representation above, **please list all current Board Members and accompanying information requested below.**

**Submit dated certifications signed by each board member verifying his or her public official and low income status.** Certifications should be current as of the board member’s most recent Board appointment. A sample certification is attached to this application.

Current Board Members

|  |  |  |  |
| --- | --- | --- | --- |
| Board Member | Most Recent | Public | Low Income |
| Name / Home Address | Appointment (date) | Official[[1]](#footnote-1)\* (Y/N)? | Representative\* (Y/N)? |
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***(attach additional sheets if necessary)***

Board Member Combined Certification for

**Community Housing Development Organization Status**

#### Public Official Certification

For the purposes of 24 CFR Part 92 (HOME Investment Partnerships Program a “public official” is defined as any person serving in any of the following capacities:

* An elected official – council member, alderman, commissioner, state legislator, school board representative, etc.
* An appointed public official – members of a planning or zoning commission, or any other regulatory and/or advisory commission appointed by the local government or the State of Wisconsin
* Employees of the City of Madison, Dane County or the State of Wisconsin.
* A person appointed by a public official to serve on the board – any individual who is not necessarily a public official but who has been appointed by a public official (as described above).

\_\_\_\_\_\_ By signing and dating this statement, I hereby certify that I DO serve in one of the “public official” capacities stated above (you must check at least one line above).

\_\_\_\_\_\_ By signing and dating this statement, I hereby certify that I DO NOT serve in any of the “public official” capacities stated above.

### Low Income Representation Certification

For the purposes of 24 CFR Part 92 (HOME Investment Partnerships Program) a person who does not serve as a “public official” in any elected or appointed capacity, and who meets any of the following characteristics is recognized as representing the low-income community:

* Lives in a low income area (where 51% or more of the households in my US Census tract have incomes at or below 80% of the median household income, as defined by HUD).
* Is an elected member of a low income area’s neighborhood organization. This organization is called: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Has a household income at or below the 80% of the median household income for the area in which he or she lives, according to HUD.

\_\_\_\_\_\_ By signing and dating this statement, I hereby certify that I DO meet the low income representation characteristic checked above (you must check at least one line above).

\_\_\_\_\_\_ By signing and dating this statement, I hereby certify that I DO NOT represent the low income community in any of the ways stated above.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name

1. \* Please note that the definition of “public official” and “low income representative” have very specific definitions under the CHDO HOME program. Please see sample certification attached for definitions. [↑](#footnote-ref-1)