



CITY OF MEMPHIS DIVISION of HOUSING & COMMUNITY DEVELOPMENT

**AFFORDABLE HOUSING DEPARTMENT
NONPROFIT HOUSING OFFICE**

JANUARY 31, 2022

**JIM STRICKLAND, MAYOR
ASHLEY CASH, DIRECTOR**

NONPROFIT HOUSING OFFICE INTERESTED IN BECOMING A CHDO

Welcome/Purpose – Ashley Cash

Expectations – Twarla Guest

HUD Regulations – Nonprofit Housing Team

Compliance Overview – Lee Ann Lawrence

City's Contract & Pay Request Submission – Tiffany Jackson

CHDO Project Process – Tyria Jeff

CHDO Certification Application On-line Submission Overview – James Thornton

NPH Project Presentation

Q & A

NONPROFIT HOUSING OFFICE INTERESTED IN BECOMING A CHDO

- CHDO – A CHDO (pronounced cho'do) is a private nonprofit, community-based service organization whose primary purpose is to develop and provide safe, quality affordable housing for the community it serves. The set-aside is 15% of the annual HOME entitlement for CHDO projects and 5% of the annual HOME entitlement for CHDO operating costs.
- Designated CHDOs receive certification from the City of Memphis indicating that they meet certain HOME Program requirements and are eligible to receive HOME set-aside funding. This funding can be used for acquisition, rehab, and/or new construction of vacant properties for rental, lease-purchase, or homebuyer for low-to-moderate families and individuals.

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- CHDOs must have defined geographic boundaries for the CHDO Program.
- Current CHDOs and their boundaries:
 - Frayser Community Development Corporation
 - North- Loosahatchie River, South- Wolf River, East- IC Railroad, West- Mississippi River
 - Neighborhood Housing Opportunities Management, Inc.
 - North- Spottswood Avenue, South- Park Avenue, East- Semmes Street, West- Airways Boulevard
 - Promise Development Corporation
 - North- Life Ave, South- Looney Ave, East- Danny Thomas, West- N. 2nd Street

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- **EXPECTATIONS**

- There will be a 2-Tier process:
 - First - CHDO Certification.
 - Second – Designated CHDOs submit HCD Real Estate Application for proposed project.
 - HCD Real Estate Application is an open application process whereas you can apply at any time.



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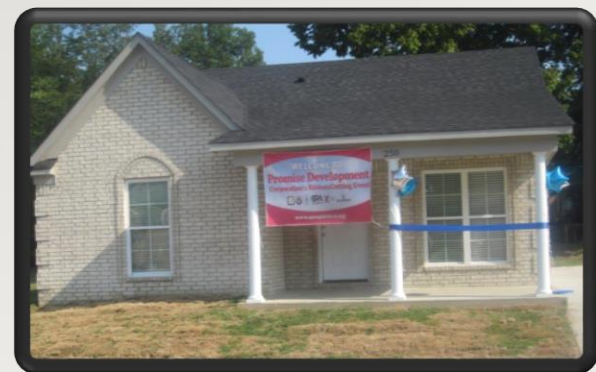
- **EXPECTATIONS**

- Every organization will have an assigned Senior Analyst or HCD Analyst.
 - There will be a “Get Acquainted” meeting with each assigned CHDO.
 - There will be constant communication between the CHDO and the assigned Analyst.
 - Organized files are mandatory. Your assigned Analyst will discuss more in detail at the “Get Acquainted” meeting.
 - Checklists will be used for file organization.
- Monthly reports are due on the 5th of every month.
 - Reports include information about the status of your CHDO project, community activities and/or events, staff changes, etc. Submit flyers and newsletters to your assigned Analyst.
 - Board Minutes or Monthly Reports are submitted monthly as your assigned Analyst will inform you of which to submit.

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- **EXPECTATIONS**

- Section 3 Reports are due quarterly to HCD's Compliance Department.
 - Lee Ann Lawrence, HCD Compliance Coordinator, will discuss more in detail.
- Before any construction work begins or any pay requests are processed, there must be an executed contract between the City/HCD and the CHDO.
- We operate on a reimbursement basis; therefore, the CHDO has to have the financial capacity to develop a housing project inclusive of paying the contractor.
- Back-up documentation has to be submitted to show proof of payment in order to be reimbursed such as invoices from the contractor to the CHDO and cancelled checks to show proof of payment.
- Tiffany Jackson will discuss City's contract process and pay requests more in detail.



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- **EXPECTATIONS**

- There will be a Pre-Construction meeting with each project.
 - This meeting is scheduled and attended by your assigned Analyst and includes the HCD Inspector(s), HCD Compliance Section 3 Coordinator, CHDO Representative, and Contractor.
 - Inspections and random site visits are conducted throughout the project.
 - In order to submit a project reimbursement request, an inspection must be conducted and approved.
 - Tyria Jeff will discuss the project process more in detail.

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- **HUD HOME REGULATIONS**

- To qualify as a CHDO, a nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities. Capacity cannot be demonstrated by the use of a consultant except in the first year that a CHDO becomes certified (24 CFR 92.2).
- Each time the City commits HOME funds, the City must certify/re-certify a nonprofit's qualifications to be a CHDO and its capacity to own or develop housing (24 CFR 92.300(a)).
- The roles of an Owner and Developer for CHDOs using set-aside funds are more specifically defined:
 - Owner – The CHDO owns the property.
 - Developer – The CHDO constructs and/or rehabs the property.

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- **HUD HOME REGULATIONS**

- **Underwriting and Program Design**

- The City must underwrite all HOME projects to ensure that each project is financially sustainable throughout the affordability period. The underwriting review evaluates cost reasonableness, market demand, developer capacity, and the commitment of other funding sources (24 CFR 92.250(b)).
 - Homebuyers must receive housing counseling before receiving HOME assistance such as purchasing a HOME assisted unit or downpayment assistance (24 CFR 92.254(a)(3)).



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- **HUD HOME REGULATIONS**

- **Project Commitment**

- The City may not commit HOME funds and set up projects in HUD's Integrated Disbursement Information System (IDIS) for a new construction or rehabilitation project until:
 - All necessary financing is secured.
 - Must have a commitment letter(s) from lender/funder for the proposed project.
 - HCD does not fund 100% of any project.
 - A budget and production schedule is established.
 - Must have a match amount of at least 12.5% for total project costs from other funding source(s).
 - Underwriting and subsidy layering is completed by Nonprofit Housing Office.
 - Construction is expected to begin after contract execution.

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- **HUD HOME Regulations**
 - **Timely Production and Occupancy of Assisted Housing**
 - CHDO set-aside funds must be committed to specific projects within **24 months** of the City receiving its HOME allocation. The CHDO projects can not be identified at a later date (24 CFR 92.2 Commitment, 92.300 (a)(1)).
 - Projects must be shovel-ready.
 - HOME-assisted rental units must be occupied by income-eligible households within **18 months** of project completion (24 CFR 92.252).
 - The HOME funds must be repaid if not occupied within 18 months of project completion.
 - If the units remain vacant 6 months following completion, an enhanced marketing plan must be created and submitted to the Nonprofit Housing Office and HUD.
 - A homebuyer unit must have a ratified sales contract within **9 months** of construction completion or it must be converted to a HOME rental unit or repay the full HOME investment (24 CFR 92.254(a)(3)).

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- **HUD HOME Regulations**

- Language that must be in CHDOs' documentation if certified as a CHDO:
 - The nonprofit organization maintains at least one-third of its governing board's membership for residents of low-income community residents, or elected representatives of low-income neighborhood organizations.
 - Language has to be located in either: Bylaws, Charter, or Articles of Incorporation
 - The nonprofit organization provides a formal 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.
 - Language has to be located in either: Bylaws, Board Resolutions, or a written statement of operating procedures approved by the governing body.

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- **HUD HOME Regulations**

- **Neighborhood Market Assessment**

- Conduct market analysis to ensure project units and pricing is focused on demand.
 - Provide documentation to City:
 - Market study that shows the demand/supply analysis.
 - For example: Does the area call for rental or homeownership?

- **Technical Assistance (TA)**

- Trainings/Workshops are mandatory for certified CHDOs. We will have the following workshops for the newly certified CHDOs virtually:
 - Teambuilding Workshop
 - Housing Development Workshop inclusive of reviewing the HCD Real Estate Application
 - We provide at least 2 to 3 trainings/workshops a year.
 - If the CHDO has specific TA needs such as Board Development, Fundraising, or etc., let us know.



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- **Conflict of Interest**

- No persons (employee, agent, consultant, officer/board member, elected or appointed official of the City, State recipient, or subrecipient) receiving HOME funds can exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds and who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from any HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

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The Compliance & Monitoring Department is responsible for ensuring all Federal Programs (CDBG, ESG, HOME & HOPWA) administered by HCD comply with federal guidelines and cross-cutting regulations which are established by the U.S. Department of Housing and Urban Development (HUD). The primary focus of Compliance Monitoring is threefold:

- ❖ Ensure awarded grantees comply with grant guidelines and federal cross-cutting requirements, which include:
 - Environmental Review - ER (Please Note, no federal funding can be expended before a ER is completed)
 - Inclusive of Historic Review and Indian Tribal Review
 - Section 3 Economic Opportunity Requirements (Opportunity Plan and Monthly Reporting)
 - CHDO - Program Eligible Activities
 - Serving Persons earning 80% or less of AMI
 - Ensuring Project Affordability Periods
 - Labor Standards (includes Davis-Bacon prevailing wage requirements)
 - Americans with Disability Act Guidelines (ADA) & Section 504
- ❖ Monitoring programs and projects
- ❖ Provide technical assistance to internal program managers and external grantees

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- **City's Contract Submission**

- Insurance requirements on the Certificate of Insurance (COI)
 - The City of Memphis shall be named as additional insured on the Certificate of Insurance.
 - The City of Memphis Risk Management Department shall be listed as the certificate holder.
 - Endorsement page(s) for General Liability, Automobile Liability, and Worker's Compensation (if applicable).
 - Effective and Expiration dates of coverage.
 - Signature of a company representative.
 - NAIC # must be listed.
 - Date in right-hand corner must be within 30 days of submission.

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- **City's Contract Submission**

- Insurance requirements

- The following insurances are required:

- General liability coverage

- General aggregate must be at least \$2,000,000

- Automobile liability coverage

- Worker's compensation – when your staff consists of five or more employees

- Umbrella coverage

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- **City's Contract Submission**
 - Property Addresses - projects must be shovel-ready
 - Operating and Project Budgets - reflective of awarded funding.
 - Sources & Uses – list all funding sources for the project along with the uses.



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- **Reimbursement Process**

- Administrative/Project requests
 - Cover page, CHDO Reimbursement forms, Invoices, Proof of payment
 - Analysts have a 2-day turnaround to process all requests.
 - Each request is date stamped upon receipt.
 - If documentation is missing and/or something is incorrect, you will be contacted by your assigned Analyst to resolve.
 - If you have not received your reimbursement within 3 weeks, contact your assigned Analyst.
 - This process will be discussed more in detail during the “Get Acquainted” meeting.

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- **CHDO Project Process**

- Rehab/New Construction Project

- ✓ Pre-construction Meeting

- ✓ Inspection Process

- Must contact your assigned Analyst to request inspections on each project.

- Inspections conducted should consist of completed items.

- All change orders must be approved by your assigned Analyst and HCD Inspector.

- Quality Work is required.

- ✓ Random Site Visits conducted by Nonprofit Housing Office.

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- **CHDO Project Process**

- Contractor Selection Do's & Don'ts

- Don't just use a contractor because someone told your cousin they did a good job on their uncle's house.
 - Do take time to research contractor's background, not just an old photo he carries in his pocket of a house he claims to have built.
 - Don't take anyone at their word and the faster they talk, the faster you walk the other way.
 - Do have a number or website for the Better Business Bureau to use, but don't let it be the only reference; go back five years minimum. If they don't have the references (more than three, good, high dollar projects over \$50k), they don't get the job.



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- **CHDO Project Process**

- Contractor Selection Do's & Don'ts

- Do background research of the contractors that have the great portfolio; it may not be theirs!
 - Do get more than one bid and the low bid is not always the winner. If the low bid isn't enough to do the job, it will cost extra to either complete the job or bring in another contractor to finish it.
 - Don't use the same contractor continuously unless they continue to provide quality work at fair prices.
 - Do make sure any change order, if necessary, will be priced fairly versus the work performed.

NONPROFIT HOUSING OFFICE INTERESTED IN BECOMING A CHDO

- **CHDO Certification Application Online Submission**
 - Appendix A
 - Definitions
 - Appendix B
 - Contact Information inclusive of Geographical Boundaries
 - Legal Status
 - Capacity
 - Organization Structure
 - Administrative Audit and Legal Issues

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- **CHDO Certification Application Online Submission**
 - Appendix C
 - Staff Development Experience
 - Developer Capacity and Fiscal Soundness
 - Appendix D
 - Board of Directors



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- **CHDO Certification Application Online Submission**
 - Required forms to submit with application:
 - Charter/Articles of Incorporation
 - By-laws
 - IRS Tax Exemption Letter - 501(c)(3) or (4)
 - Certificate of Existence within the last year
 - Organizational Chart
 - Map and Description of Service Area

NONPROFIT HOUSING OFFICE INTERESTED IN BECOMING A CHDO

- **CHDO Certification Application Online Submission**
 - Required forms to submit with application:
 - Job Descriptions for Key Staff who will work with CHDO Program
 - Most recent IRS Form 990
 - Recent Auditor Approved Financial Statements or Audit
 - Staff Resumes relative to proposed CHDO project

NONPROFIT HOUSING OFFICE INTERESTED IN BECOMING A CHDO

- **CHDO Certification Application Online Submission**
 - Required forms to submit with application:
 - Appendix D – Board of Directors Table
 - Appendix E – Certification of Low-Income Representation
 - Appendix F – Certification of Public Official/Governmental Employee, if applicable
 - Appendix G – Description of Process for Obtaining Low-Income Input
 - Appendix H – Model Public Input Resolution
 - Appendix I – Annual Operating Budget

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- **CHDO Certification Application Online Submission**
 - CHDO Certification Application allows you to save and finish later if needed. Just follow these steps:
 - Click “FINISH LATER” in the left-hand corner of the application. Your application will be saved where you left off.
 - You will receive an email from Ellan Konda, our IT Specialist, reminding you to review your document.
 - When are ready to complete your application, go to the email from Ellan Konda and click review document.
 - DO NOT go back to the original link as this will prompt you to start the application process over again.

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- Deadline date to submit application is

February 25, 2022 by 11:59 p.m. (central standard time)

We are in partnership with you; therefore, we are in this together.

If you have any questions, please contact **Tyria Jeff at 901-636-4233** or via email at **Tyria.Jeff@memphistn.gov** or **James Thornton at 901-636-4227** or via email at **James.Thornton@memphistn.gov**.

- Hours of operation are Monday-Friday 8:00 am – 4:30 pm.



NONPROFIT HOUSING OFFICE INTERESTED IN BECOMING A CHDO NPH TRAININGS/WORKSHOPS *(pre-pandemic)*

