



HOME CHDO Program

OPERATING EXPENSE GRANTS

Policies and Guidelines

Fiscal Year 2010-2011



Operating Expense Grant Guidelines HOME CHDO Program

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Attachments

CHDO Operating Expense Grant Application (CHDO Form 400)

Operating Budget Summary (CHDO Form 401)

Salary and Fringe Benefit Summary (CHDO Form 402)

HOME CHDO Project Proposal Form (CHDO Form 403)

Equal Opportunity Certification Form (CHDO Form 404)

Section 504 Certification Form (CHDO Form 405)

CHDO's should carefully review the HOME Program Regulations prior to submitting a CHDO Operating Expense Grant Application. (24 CFR 92.208)

Operating Expense Grant Guidelines HOME CHDO Program

1. Summary

These guidelines provide the policies, procedures and standards for the management and funding of Community Housing Development Organization (CHDO) Operating Expense Grants funded by the West Virginia Housing Development Fund (WVHDF). From time to time, HOME funds may be made available to provide general operating assistance to CHDOs which are receiving or will receive CHDO set-aside funds for eligible activities. The WVHDF has the option of allocating up to 5% of its annual HOME allocation to provide funds for CHDO operating expenses. This allocation of HOME funds does not count toward the required 15% CHDO set-aside funds that are to be used by CHDOs for projects.

The maximum amount of operating assistance that a CHDO may receive under the HOME Program for any Fiscal Year is limited to an amount that provides no more than 50 percent of the organization's total operating budget in the Fiscal Year or \$50,000 annually, whichever is greater. The HOME CHDO Operating Expense Grant Agreement term is 12 months. The Agreement may be renewed or extended for an additional 12 months if the Applicant demonstrates that it has made satisfactory progress in the development of the proposed HOME-assisted housing project. No organization will be funded for more than two years.

These policies and procedures are based on HOME Program regulations and WVHDF policies. It is the responsibility of the CHDO to understand and ensure compliance with the applicable regulations, policies and procedures. It is the intent of these guidelines to create a consistent and equitable system of providing operating assistance grants to State-designated CHDOs in West Virginia. This funding support program is intended to assist organizations that can demonstrate a financial need for operating support with the expectation that the CHDO either currently has a project underway being funded with HOME CHDO set-aside funds or will submit an application for HOME CHDO set-aside funding within 24 months of the award of an operating expense grant.

2. Objectives

The principal objectives of the HOME CHDO Program Operating Expense Grant program are to provide limited financial support for State-certified Community Housing Development Organizations that are engaged in the development of an economically feasible low-income housing project through the HOME Program and promote the capacity of Community Housing Development Organizations to sponsor, own and develop low-income housing projects and programs that are consistent with the goals and objectives of the State Consolidated Plan.

3. Program Guidelines

The WVHDF will consider HOME CHDO Program Operating Expense Grant Applications that conform with the guidelines and policies set forth herein and the rules and regulations of the HOME Program.

1. The Applicant must complete and submit a HOME CHDO Operating Expense Grant Application, including all forms, schedules and attachments to the WVHDF for review.
2. The Applicant must be a State-designated Community Housing Development Organization (CHDO). A copy of the certification or most recent recertification must be attached to the HOME CHDO Operating Expense Grant Application.
3. The Applicant must have a history of serving the community where it will develop the proposed HOME-assisted housing project. Document this experience by attaching to the HOME CHDO Operating Expense Grant Application one of the following:
 - Documentation of at least one year of experience in serving the community or
 - Documentation of board member(s) with developing experience in housing.
4. The Applicant must document that the Board of Directors has approved the submission of the HOME CHDO Operating Expense Grant Application. A copy of the resolution approving the CHDO's entire operating budget and authorizing this submission of request for operating assistance funds must be attached to the HOME CHDO Operating Expense Grant Application.
3. The Applicant shall attach copy of the most recent audited (if possible) annual financial statement to the HOME CHDO Operating Expense Grant Application.
4. The Applicant shall attach a copy of previous year's operating budget, as approved by the Board of Directors, to the HOME CHDO Operating Expense Grant Application.
5. The Applicant shall execute and attach the "Operating Budget Summary Form" (WVHDF Form CHDO-401) to the CHDO Operating Expense Grant Application.
6. If the Applicant intends to use any portion of the operating assistance funds to support the salaries of employees involved in the development of the HOME-assisted housing project, it must complete and/or attach the forms or documents listed hereafter to the HOME CHDO Operating Assistance Grant Application.
 - Salary and Fringe Benefit Summary (WVHDF Form CHDO-402);
 - Evidence of sound employment practices, including copy of employment policy, job descriptions, copy of current employee resume(s), time allocation and applicable pay documentation; and
 - Copies of approved conflict of interest and procurement policies.
7. The Applicant shall complete and attach the HOME CHDO Proposed Project Form (CHDO Form 403) to the HOME CHDO Operating Expense Grant Application. These funds have to be used by CHDOs that are engaged in the development of HOME projects that will be financed in the next 24 months.

8. The Applicant shall execute and attach the "Equal Opportunity Certification Form" (CHDO Form 404) to the HOME CHDO Operating Expense Grant Application.
9. The Applicant shall execute and attach the "Section 504 Certification Form" (CHDO Form 405) to the HOME CHDO Operating Expense Grant Application.
10. The Applicant must demonstrate a current and specific need for HOME CHDO Operating Assistance funds in order to mitigate barriers or obstacles that interfere with the CHDO's ability to attain their affordable housing development goals. The Applicant should list the specific barriers or obstacles that may prevent the organization from reaching its goals for FY10/11 and discuss how the HOME CHDO Operating Assistance Grant would eliminate those barriers and obstacles.
11. The Applicant must disclose the receipt of any HUD funds awarded through intermediaries for organizational support and housing education. (Under 24 CFR Part 92.302, HUD is authorized to provide education and organizational support assistance in conjunction with HOME funds made available to CHDOs in accordance with section 233 of the Act).
12. HOME CHDO Operating Assistance Grant funds are not guaranteed from year to year. A CHDO may or may not be allocated operating assistance funds or the full amount of operating assistance funds requested in any given year. The Applicant should provide an organizational plan that details the strategy to eliminate the need for CHDO operating assistance funds and forecast the timeframe for the organization to become self-sufficient.
13. The Applicant should describe how the organization would be affected if it did not receive any operating assistance funds or fewer funds than requested in HOME CHDO Operating Assistance Grant Application. Describe how the organization will meet its obligations and agreements without these funds.
14. The Applicant must use all operating expense grant funds for general operating costs. Operating expense grant funds may not be used for project-specific costs, such as the salary or wages of a loan officer.
15. The HOME CHDO Operating Expense Grant Agreement term is 12 months. The Agreement may be renewed or extended for an additional 12 months if the Applicant demonstrates that it has made satisfactory progress in the development of the proposed HOME-assisted housing project. **No organization will be funded for more than two years.**
16. The W VHDF will provide operating assistance grant funds on a fiscal year basis (July 1 – June 30) provided that funds are available and the CHDO has demonstrated acceptable performance.
17. The W VHDF will periodically evaluate the performance of any CHDO that applies for CHDO operating assistance funds in order to ensure that the operating assistance grant funds are contributing to the continued growth and capacity of the organization.
18. The maximum amount of operating assistance that a CHDO may receive under the HOME Program for any Fiscal Year is limited to an amount that provides no more than 50 percent

of the organization's total operating budget in the Fiscal Year or \$50,000 annually, whichever is greater. The WVHDF reserves the right to delay disbursement of operating funds if it is evident that the CHDO project is experiencing excessive delays.

19. The WVHDF reserves the right to reduce the amount of, or not award, operating assistance funds based upon its evaluation of the CHDO's production and overall performance.
20. The Applicant will be required to make quarterly submissions for reimbursement of operating expenses. Documentation shall include, but not limited to, time sheets, invoices, bills and statements showing the operating expenses incurred by the organization.
21. The applicant will be required to update quarterly work plans with organizational and project milestones.
22. The Applicant is expected to have a HOME CHDO set-aside funded project underway within 24 months of receiving the funds for operating assistance and to remain in compliance with the HOME rules and regulations.

4. Eligible Uses of CHDO Operating Grant Funds

Operating expenses are defined as reasonable and necessary costs for the operation of a community housing development organization. The uses of CHDO Operating Expense Grant funds, which are more particularly described under 24 CFR Part 92.208 and CPD Notice 06-01, include:

- Salaries, Wages, and Other Employee Compensation and Benefits
- Employee Education, Training and Travel
- Rent and Utilities
- Communication Costs
- Taxes and Insurance
- Equipment, Materials and Supplies

Costs associated with a HOME CHDO set-aside project are not eligible for CHDO operating assistance. Further, CHDO operating assistance cannot be provided to cover the cost of administering HOME activities as a subrecipient and may not be awarded as compensation for development of a HOME project in lieu of a developer's fee.

The Applicant should review OMB Circular No. A-122, Attachment B for the principles that are to be applied in establishing the eligibility of the above costs.

5. Application Process and Funding Priorities

The WVHDF will accept and review applications for HOME CHDO Operating Expense Grants on a year-round basis until all funds available under the Request for Applications have been committed to eligible organizations. The WVHDF will award HOME CHDO Operating Expense Grant funds on an as-needed basis taking into consideration the following four (4) criteria:

1. Need for HOME CHDO Operating Expense Grant;
2. Feasibility of the proposed HOME-assisted project;

2. Capacity to complete HOME CHDO project(s) in a timely manner; and
3. Experience and qualification of employees

The HOME CHDO Operating Expense Grant Applications will be evaluated by the staff of the HOME Program for compliance with the minimum threshold criteria and guidelines established for the HOME CHDO Operating Expense Grant Program and the rules and regulations of the HOME Program. The HOME Program staff will make a final recommendation regarding each application, including the approved amount of the operating assistance grant, to the Executive Director. The WVHDF shall provide a written notice of the award of to all Applicants within thirty (30) days of the receipt and acceptance of a complete HOME CHDO Operating Expense Grant Application.

Any applications that do not contain the required documentation, forms or attachments will not be considered for funding.

6. Progress Reporting

In order to document its performance and be eligible to receive operating assistance funds, the CHDO must provide quarterly progress reports coinciding with the quarterly draw requests for CHDO operating assistance funds. At its discretion, WVHDF may reduce the requirement to semi-annual progress reports.

In the quarterly progress reports, the CHDO must describe the following:

- The status of the currently funded CHDO set-aside project(s);
 - If the CHDO is not currently administering an eligible HOME CHDO set-aside project, it must have a CHDO-eligible project in pre-development and provide the status, including project design and location. The CHDO must apply for and receive HOME CHDO set-aside funding within 24 months of receiving the HOME CHDO Operating Expense Grant. If the CHDO does not have an eligible HOME-assisted project funded by WVHDF within that timeframe, the WVHDF will suspend the disbursement of operating assistance grant funds.
- The specific uses of the HOME CHDO operating expense funds, as well as a description of what the receipt of operating assistance funds has enabled the CHDO to undertake or accomplish that it would otherwise have been unable to achieve;
- The community involvement and participation of the CHDO, particularly with the intended beneficiaries of its projects as well as partner organizations and other entities involved, in serving low- and moderate-income households;
- The activities and involvement of the board of directors in the planning and development of the CHDO's projects; and
- The ongoing development of its staff and board of directors; i.e., trainings completed, certifications achieved, recognition awarded, etc.

7. Process for Drawing CHDO Operating Funds

HOME CHDO operating expense funds are awarded on a fiscal year (July 1 – June 30) basis.

Draw requests for eligible expenditures shall be made on a calendar quarter reimbursement basis (The HOME CHDO must first expend the funds and then request reimbursement from WVHDF). For example, the CHDO may submit a draw request in October for eligible expenses incurred and paid in calendar quarter July – September. For CHDOs that become eligible to receive operating support mid-year, the following will apply:

- Eligibility determined July - December: CHDO operating funds will be retroactive to July 1 of the current fiscal year and draw requests may be submitted for eligible expenses incurred during that timeframe. If eligible expenses cannot be documented, CHDO operating support will begin on July 1 of the following year.
- Eligibility determined January - June: CHDO operating support will begin on July 1 of the following fiscal year and draw requests may be submitted beginning in October of that year.

Operating expense funds must be drawn on a quarterly basis, beginning October 1 of the applicable fiscal year. The quarterly draw requests must be submitted within 30 days of the end of each quarter; otherwise, the operating assistance funds are subject to recapture. Each quarterly draw request must be accompanied by an updated quarterly progress report.

8. Application Review Process

The WVHDF has developed a review process that is designed to expedite the review of applications and commitment of funds. The initial step has been developed to determine that the application and attachments are consistent with the HOME CHDO Operating Expense Grant Program and the rules and regulations of the HOME Program. The second step has been developed to determine the final amount of funds that will be committed to the CHDO. The principal steps in the submission and evaluation process are outlined hereafter.

1. Applicants should submit an original and two (2) copies of the HOME CHDO Operating Expense Grant Application and the required forms and attachments for review and consideration by the WVHDF. The HOME CHDO Operating Assistance Application and required attachments must be typed and/or electronically prepared and printed on the prescribed forms.
2. The staff of the HOME Program will conduct a cursory review of all applications to determine that the Application and all forms and attachments have been properly completed by the Applicant. Any Applications that are determined to be substantially incomplete will be returned to the Applicant without further consideration.
3. If the HOME CHDO Operating Expense Grant Application is accepted for processing by the WVHDF, the staff of the HOME Program will review the Application for compliance with the terms and conditions of the Request for Applications, the HOME CHDO Operating Expense Grant Program guidelines and the HOME Program Regulations. During the review of the Applications, the staff of the HOME Program will evaluate the need and amount of operating assistance for each applicant. **The WVHDF reserves the right to increase or decrease the total amount of the operating expense grant within the approved guidelines.**
4. The staff of the HOME Program will complete the review of the Applications within fifteen (15) working days of the receipt of the Application. Upon the completion of the review, the

WVHDF will issue either a Notice of Deficiencies or an Approval and Reservation of Funds Letter.

5. Applicants that receive a Notice of Deficiencies will have fifteen (15) days to correct or cure all deficiencies of any program requirements. Failure to correct or cure all deficiencies with the prescribed time period shall result in the suspension of further processing of the application.
6. Applicants that receive an Approval and Reservation of Funds Letter should be prepared to execute the HOME CHDO Operating Expense Grant Agreement and other required documents within thirty (30) days of the issuance of the Approval and Reservation of Funds Letter.

9. Resources

In addition to these Guidelines and Appendixes, the Applicant should consult the following resource documents and regulations for more information concerning CHDO Operating Expense Grant funds:

- Building HOME: A HOME Program Primer:
<http://www.hud.gov/offices/cpd/affordablehousing/training/materials/building/index.cfm>
- CPD Notices:
<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/topical/chdo.cfm>
- Code of Federal Regulations (CFR) for the HOME Program:
<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>
- OMB Circular No. A-122 Attachment B:
<http://www.whitehouse.gov/omb/circulars/a122/a122.html>

Completed applications should be mailed or delivered to:

Robert F. Cary
HOME Program Manager
West Virginia Housing Development Fund
814 Virginia Street, East
Charleston, WV 25301

We look forward to reviewing your HOME CHDO Operating Expense Grant Applications and are eager to answer any questions regarding the HOME Program or this Request for Applications.