

# EXHIBIT "A"

## Fort Smith, Arkansas CHDO Qualifications and Developer Capacity

Topic/Question		Adequate	Deficiency
1	<b>Organizational Status &amp; Mission</b>		
RT	The nonprofit is organized under State or local laws, as evidenced by: <input type="checkbox"/> A Charter, OR <input type="checkbox"/> Articles of Incorporation.		
RT	It has a tax exemption ruling from the Internal Revenue Service as evidenced by: <input type="checkbox"/> A 501(c)(3) or (4) Certificate from the IRS or <input type="checkbox"/> A group exemption letter under Section 905 from the IRS that includes the CHDO.		
RT	It has among its purposes the provision of low- and moderate income housing, as evidenced by: <input type="checkbox"/> Charter, <input type="checkbox"/> Articles of Incorporation, <input type="checkbox"/> By-laws, OR <input type="checkbox"/> Resolutions.		
	<b>Certificate of Good Standing:</b> Can it deliver a certificate of good standing or other documents from the State?		
	<b>Service Area:</b> Does it have a documented service area consistent with its CHDO activities?		
	<b>Strategic Plan:</b> Has it produced a strategic plan that specifies an action plan for housing development?		
	<b>Shared commitment:</b> Do board and staff exhibit shared commitment to its housing development mission?		
	<b>Other organization issues:</b>		
Topic/Question		Adequate	Deficiency
2	<b>Board Composition</b>		
RT	At least 1/3 of board membership is for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations, as evidenced by: <input type="checkbox"/> By-Laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation		
RT	No more than one-third of the governing board members may be public officials (including any employees of the PJ) or appointed by public officials, and government-appointed board members may not, in turn, appoint any of the remaining the board members, as evidenced by: <input type="checkbox"/> By-laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation.		
RT	If the CHDO is sponsored/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		

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	for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the CHDO's: <input type="checkbox"/> By-laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation.		
	<b>Board stability:</b> Has there been stability/continuity of board members over the last several years?		
	<b>Development oversight:</b> Does the board have a committee structure or other means of overseeing planning and development?		
	<b>Board skills:</b> Do board members have professional skills directly relevant to housing development (e.g., real estate, legal, architecture, finance, management)?		
	<b>Decision-making:</b> Has the board demonstrated the ability to make timely decisions?		
	<b>Board-staff relations:</b> Is there a good relationship between board and staff? Do they have shared goals?		
	<b>Other board issues:</b>		
Topic/Question		Adequate	Deficiency
3	<b>Sponsorship/Independence</b>		
RT	The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by: <input type="checkbox"/> The organization's By-laws, OR <input type="checkbox"/> A Memorandum of Understanding (MOU).		
RT	If sponsored or created by a for-profit entity, the for-profit entity's primary purpose does not include the development or management of housing, as evidenced: <input type="checkbox"/> In the for-profit organization's By-laws		
RT	If sponsored or created by a for-profit entity, the CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced by: <input type="checkbox"/> By-laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation		
RT	If sponsored by a religious organization, the CHDO is a separate secular entity from the religious organization, with membership available to all persons, regardless of religion or membership criteria, as evidenced by: <input type="checkbox"/> By-laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation		
	<b>Identity of Interest:</b> Are there any identity of interest issues between the CHDO and the contractors/vendors, consultants, and professionals it uses for its CHDO projects?		

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4	<b>Relationship/Service to the Community</b>		
RT	It has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by: _____ Documentation of at least one year of experience in serving the community, OR _____ For new organizations, documentation that its parent organization has at least one year of experience in serving the community.		
RT	It provides a formal process for low-income, program beneficiaries to advise the organization in decisions regarding design, siting, development, & management of affordable housing projects, as evidenced by: _____ The organization's By-laws, _____ Resolutions, OR _____ A written statement of operating procedures approved by the governing body.		
	<b>Needs:</b> Are current plans well grounded in an understanding of current housing conditions, housing needs, and need for supportive services? Has it done any analyses of the local housing market and the housing needs of low-income households?		
	<b>Relations:</b> How strong are the current reputation of the corporation and the relationship with the community?		
	<b>NIMBY:</b> To what extent does NIMBY opposition exist to low income housing in the service area? To what extent do channels exist for the CHDO to negotiate with the community and potential opponents?		
	<b>Local government relations:</b> How strong is the CHDO's relationship with the local government? How strongly does local government support its housing activities?		
	<b>Other community issues:</b>		
Topic/Question		Adequate	Deficiency
5	<b>CHDO Staff Experience and Organizational Capacity</b>		
	<i>CHDO Staff &amp; Experience</i> <span style="float: right;"><i>See Notes on Pages 5 &amp; 6</i></span>		
RT	CHDO has paid staff to manage development project <span style="float: right;">1</span> _____ Paid full-time staff <span style="float: right;">(payroll, w-2,w-4) 1a</span> _____ Paid part-time staff <span style="float: right;">(payroll, w-2,w-4) 1a</span> _____ Contracted staff <span style="float: right;">(contract, w-9, 1099) 1b</span>		
RT	<hr/> <span style="float: right;">2</span> (Name and job title or development role) has experience in: _____ Homeownership development <span style="float: right;">(resume, other) 2a</span> _____ Rental development <span style="float: right;">2b</span> _____ Other real estate development and management _____ Rehabilitation & other housing program administration _____ Other relevant experience _____		
	<hr/> <span style="float: right;">2</span> (Name and job title or development role) has experience in: _____ Homeownership development <span style="float: right;">(resume, other) 2a</span>		

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	<input type="checkbox"/> Rental development <input type="checkbox"/> Other real estate development and management <input type="checkbox"/> Rehabilitation & other housing program administration <input type="checkbox"/> Other relevant experience	2b		
<b>CHDO Developer Capacity &amp; Fiscal Soundness</b>				
RT	Past and Current Performance	3		
	<input type="checkbox"/> HOME/CHDO project performance	3a		
	<input type="checkbox"/> Past development performance	3a		
	<input type="checkbox"/> Housing program & Federal grant management performance	3b		
RT	Developer Capacity – CHDO	4		
	<input type="checkbox"/> Organizational structure to support development	4a		
	<input type="checkbox"/> Management structure to support development	4b		
	<input type="checkbox"/> Current pipeline/backlog	4c		
	<input type="checkbox"/> Staff capacity (or consultant contract/plan to train)	4d		
	<input type="checkbox"/> Board expertise/oversight	4e		
	<input type="checkbox"/> Skills/capacity to market units for sale	4f		
RT	Developer Capacity – Development Team	5		
	<input type="checkbox"/> All development team roles filled with qualified firms/persons	5a		
	<input type="checkbox"/> Partners/consultants enhance CHDO capacity (if needed)	5b		
	<input type="checkbox"/> Prior experience – Team successfully developed similar projects	5c		
	<input type="checkbox"/> Team has demonstrated capacity to work together	5d		
RT	Fiscal Soundness	6		
	<input type="checkbox"/> Financial Management	6a		
	<input type="checkbox"/> Financial Stability	6b		
	<input type="checkbox"/> Liquidity	6c		
	<input type="checkbox"/> Audit and reporting	6d		
	<input type="checkbox"/> Portfolio & corporate liabilities	6e		
RT	Other Factors	7		
	<input type="checkbox"/> Community relations	7a		
	<input type="checkbox"/> PJ relations	7b		
	<input type="checkbox"/> Lender relations	7c		
	<input type="checkbox"/> Project –specific skills/capacity			
<b>CERTIFICATION FOR TOPIC 5</b>			<b>SIGNATURE AND DATE</b>	
The community housing development organization has documented that it has staff with development experience and it has the organizational capacity and the development team to implement the proposed CHDO project.				

	Topic/Question	Adequate	Deficiency
6	<b>Conclusions</b>		
	Has the organization met all CHDO regulatory thresholds? If not, these must be corrected prior to CHDO certification.		
	Have capacity deficiencies been identified that should be addressed prior to awarding CHDO funds to this organization or as a condition of the commitment? If not, proceed with CDHO certification and funding.		
	Can the capacity deficiencies be addressed by TA from the PJ or from a qualified CDTA CHDO intermediary? If so, refer for TA.		

<b>CHDO CERTIFICATION</b>	<b>SIGNATURE AND DATE</b>
The organization has met all regulatory threshold items to be certified as a Community Housing Development Organization.	

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## Notes to the CHDO Staff Experience & Organizational Capacity Checklist

### CHDO Funding & Staff Development Experience

**1. Staff classification and documentation** – To be counted as staff, the person must be employed by the CHDO, and documentation is needed.

- a. Full time or part time employment – This would be evidenced by a payroll report or a W-4 or a W-2.
- b. Contracted staff – This would be evidenced by a “contract” for employment and a W-9 and 1099 (at the end of a year).

**2. Relevant development experience** – Document the basis for answers to the applicable project type.

- a. Homeownership development – Has the staff person been involved in the acquisition, rehabilitation/construction and sale of homebuyer housing? Previous experience purely in counseling, marketing, or financing activities is not sufficient to be considered development experience.
- b. Rental development – Has the staff person been involved in the acquisition, rehabilitation/construction and/or ownership/operation of rental housing?

### Developer Capacity & Fiscal Soundness

**3. Past and current performance**

- a. Has the CHDO performed adequately in the past in HOME, CHDO, and/or other real estate development activities?
- b. Is the CHDO currently in good standing on all its development and administrative activities? Does it show the capacity to take on this additional activity and continue to manage everything that it has ongoing?

**4. Capacity – CHDO Organization**

- a. Organizational structure – Can the current corporation structure support housing development activities, or is there a need for a subsidiary or other organizational structure for future development? Are there operations or activities that need to be organizationally separate from housing development activities and portfolios?
- b. Management structure/practices – Does the current management have the ability to manage additional development activities? Are the corporate lines of authority for development activities clear? Are policies & procedures in place governing development activities?
- c. Pipeline/portfolio – What does the CHDO have as its current project pipeline and program responsibilities? Will it be able to handle the additional project proposed? If the organization pursues housing development, what other activities are likely to suffer or not be able to be pursued due to the effort required for development activities? Does its portfolio of projects/properties evidence competent management and oversight? Do the properties appear to have adequate funding?
- d. Staff capacity – Do(es) the identified staff have the time to direct toward management of the proposed project? How strong are staff in the following areas: Legal/financial aspects of housing development? Management of real estate development? Oversight of design & construction management? Marketing & intake? Property management (if applicable)? Are staff encouraged to obtain training and develop new skills? What is their potential for learning skills that they currently do not have?
- e. Board expertise/skills – Do board members have professional skills directly relevant to housing development (e.g., real estate, legal, architecture, finance, management)? Has the board demonstrated the ability to make timely decisions? Is there a good relationship between board and staff? Does the board have a committee structure or other means of overseeing planning and development? Has there been stability/continuity of board members over the last several years?
- f. Project specific capacity for marketing & sale of homebuyer units or operation of rental units – If a homebuyer project, does the CHDO experience and capacity to market the units and counsel and qualify

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homebuyers? If a rental project, does the CHDO experience and capacity to oversee the marketing, management and ownership of the project?

## **5. Development Team Capacity**

- a. Development team roles – Are all of the key development team roles filled with qualified individuals or firms?
- b. Partner/consultant – Does the CHDO have a need for a partner or a consultant to supplement its skills and help it to ensure success, while still maintaining development control?
- c. Prior experience – Do team members have prior experience directly relevant to the proposed project?
- d. Experience working together – Have the team members worked together before or demonstrated the ability to work effectively as a team?

## **6. Fiscal Soundness**

- a. Financial management – Is there evidence that the CHDO meets the 84.21 standards? Does it do annual budgeting of its operations and all activities or programs? Does it track and report budget v. actual income and expenses? Does it have adequate internal controls to ensure separation of duties & safeguarding of corporate assets? Is there sufficient oversight of all financial activities? Is financial reporting regular, current, and sufficient for the board to forecast and monitor the financial status of the corporation?
- b. Financial stability – To what extent does the organization have a diversified and stable funding base for operations? How regularly does it experience cash flow problems?
- c. Liquidity – Does CHDO management know its current cash position and maintain controls over expenditures? Does the current balance sheet and budget indicate sufficient funds to support essential operations? Does it have funds available for pre-development expenses capital advances required for development?
- d. Audit – Does the CHDO have an annual audit? Is the most recent audit current? Were there management or compliance findings in the last two years? Are findings resolved?
- e. Portfolio & corporate liabilities – If it has a portfolio of properties, are they in stable physical and financial condition or are they a drain on corporate resources? Are there assets at risk of default? Does it collect adequate revenues and management fees from the properties? Does it maintain adequate insurance – liability, fidelity bond, workers comp, property hazard, & project?

## **7. Other Factors**

- a. Community relations – How strong are the current reputation of the corporation and the relationship with the community? To what extent does NIMBY opposition exist to low income housing in the service area? To what extent do channels exist for the CHDO to negotiate with the community and potential opponents?
- b. Local government relations – How strong is the CHDO’s relationship with the local government? How strongly does local government support its housing activities?
- c. Lender relations – Does the CHDO have good working relationships with lenders, especially those who might participate in the proposed project?