

**BALTIMORE HOUSING**  
**Community Housing Development Organization (CHDO)**  
**Application for Funding and Certification**  
**Date: August 23, 2013**

**INTRODUCTION**

Baltimore Housing, a collaboration between the Baltimore City Department of Housing and Community Development (“HCD”) and the Housing Authority of Baltimore City (HABC), is making available new application and certification forms in response to recent changes in the HOME Investment Partnerships Program.

**PROGRAM DESCRIPTION**

The HOME Program provides rental and homeownership opportunities to low and very-low income persons and families (as those terms are defined in the HOME Program regulations at 24 CFR Part 92) by increasing the stock of decent, safe, and sanitary affordable housing. The Baltimore City Department of Housing and Community Development ("the Department") administers the HOME Program through the Development Division's Office of Project Finance.

In accordance with Baltimore City's Consolidated Plan, which is updated every five years, the Department uses HOME Program funds as **gap financing for the hard costs of construction** in projects of five or more units. Funds are normally limited to \$30,000 per unit. These limits may be exceeded, up to the HOME Program regulatory limits, for good reason and at the sole discretion of the Deputy Commissioner of the Department of Housing and Community Development. Rental projects and projects providing for-sale housing for income-eligible homebuyers are eligible and may be rehabilitation or new construction. Assistance will be structured on a flexible basis. Developments will be expected to repay HOME loans if superior debt allows and/or on a cash flow basis.

Subject to the availability of funds, proposals for HOME funding are accepted from CHDOs on a continuing basis.



## PRE-PROPOSAL CONFERENCE

Applicants are strongly encouraged to schedule a pre-proposal conference prior to a formal submission in order to provide an opportunity to discuss proposals and other details related to Baltimore Housing project support. This conference can be scheduled with:

Office of Project Finance  
Baltimore Housing  
417 East Fayette Street, 3<sup>rd</sup> Floor  
Baltimore, Maryland 21202  
ATTN: James R. Majors, Director Office of Project Finance

## Disclaimers

All documents submitted as part of this application are considered public records and will be made available to the public upon request with the exception of personal financial statements, private corporate financial statements, and other confidential commercial information. Baltimore Housing reserves the right to post summary information about all submissions, including those awarded financial or programmatic support.

## SUBMISSION REQUIREMENTS

The application consists of the following **three** parts:

1. Form 202 of the Maryland Department of Housing and Community Development's low income housing tax credit application, which can be found at:  
<http://dhcd.maryland.gov/Website/programs/rhf/application.aspx>
2. The following Exhibits to the State low income housing tax credit application:
  - a. Exhibit B: Project Information, Part 3: Other Project Financing
  - b. Exhibit C: Site Information, Part 1: Site Map and Photographs, and Part 5: Site Control
  - c. Exhibit E: Financial Statements of Owners, Guarantors and General Contractors
  - d. Exhibit F: Construction Information, CDA form 212 and Building Evaluation Report only. Attach available renderings and elevations.
3. Baltimore Housing Supplemental Application (Attached)



a. The application requires a certification that all proposed projects will meet all applicable Federal, State of Maryland, and City of Baltimore program regulations and requirements, including but not limited to:

- City sustainability (available at: <http://www.baltimorecity.gov/Portals/0/Charter%20and%20Codes/Code/Art%20000%20-%20Bldg,%20Fire.pdf>),
- City visitability (available at same location),
- Federal Section 3 rules (Regulations available at 24 CFR 135).
- Community Employment Plan Projects seeking HOME funds must develop and include hiring plans that include the provision of jobs for Baltimore and community residents in excess of any federal, state, local, or Housing Authority requirements
- Minority and Women Owned Business Participation. Article 5, Subtitle 28, of the Baltimore City Code in connection with minority and women owned business opportunities.
- Market Assessment  
Recent changes to the HOME program at the federal level now require Baltimore Housing to assess the market strength of the project. As a result, all successful applicants will be required to submit a market study as part of the underwriting process. The market study must indicate to Baltimore Housing's satisfaction in its sole discretion:
  - The need for the type, income mix, bedroom mix, and number of housing units is convincingly demonstrated;
  - The developer will be able to sell any planned homebuyer units prior to nine months from the receipt of use and occupancy certificates at the prices proposed in the application;
  - The developer will be able to lease-up any planned rental units within the time periods and at the rents projected in the project pro forma but no later than six months after completion of construction; and
  - The proposed development will not adversely impact other affordable housing.
- Environmental and Historic Preservation Review  
The HOME regulations (24 CFR §92.352) require that "the environmental effects of each development activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act ...and the related authorities listed ... at 24 CFR parts 50 and 58." In essence, these regulations require that the proposed development project be reviewed to determine what impact the project might have on the environment generally, and in its immediate area. This review must be undertaken and the results assessed by HUD **before** HOME or other Federal funds can be committed to a project



The regulations at 24 CFR part 92.352 and CPD notice 01-011 require that participants in the development process cannot commit **ANY** funds or undertake any activity or project until the environmental review has been assessed by HUD and the "Authority to Use Grant Funds" (the "Release of Funds") has been secured. The City will undertake an environmental review process (including review of the scope, plans, location and unit mix of the project to determine whether the project is within the floodplain, is impacted adversely by noise or is within a historical area). Upon review of the project, the result of the review is published with a comment period. Following the comment period HUD issues a release of funds for project expenditure.

This means that no "choice-limiting activities" can be undertaken by the developer / applicant from the receipt by the City of the application for HOME funds until the Release of Funds has been secured by the City. This includes the acquisition of real property for the project. (The preparation and submission of a Phase I Environmental Report, however, is allowable.) Applicants should be aware that the regulations provide that prohibited actions taken by the applicant / developer prior to receipt of a Release of Funds will result in the project being ineligible for HOME funding. If such actions are discovered after HOME funds have been expended, the funds must be re-paid to the jurisdiction and returned to HUD.

- b. The application requires that the applicant must have presented the proposed project at least once to the community or neighborhood association(s) in which the project is located within the last 9 months. Evidence of consultation shall include a copy of the agenda that was distributed when the presentation was made and copies of correspondence and emails pertaining to the proposed project. If the project receives support from Baltimore Housing, applicants will be required to update the community.

#### 4. Application for certification as a CHDO

Applicants must submit one (1) original and (1) hard copy of the application and one (1) electronic file in PDF format.

All applications for programmatic support or financial support from Baltimore Housing should be delivered to:

Office of Project Finance



Baltimore Housing  
417 East Fayette Street, 3<sup>rd</sup> Floor  
Baltimore, Maryland 21202  
ATTN: James R. Majors, Director Office of Project Finance

Applicants are encouraged to contact Baltimore Housing's Office of Project Finance at 410-396-5590 with questions regarding program requirements and the application process.

Baltimore Housing reserves the right to suspend, amend, or modify the provisions of this NOFA, to waive any or all of the requirements or limitations herein, to reject all proposals, to negotiate modifications of proposals, or to award less than the full amount of the funding available, all in its sole discretion.

### **UNDERWRITING GUIDELINES**

1. Applicants may request up to \$ 30,000 per unit in HOME Investment Partnerships Program funds. Projects may not be separated into phases in order to obtain additional HOME funding. Funds may only be awarded to projects that demonstrate a gap in financing and a need for additional sources. Projects receiving HOME funds must close on the financing and commence construction within 18 months of receiving the award of funds.
2. All projects are subject to a subsidy layering process to determine that the level of HOME funding, in combination with other governmental assistance, does not exceed the minimum necessary to provide affordable housing. New Construction projects are also subject to a site and neighborhood standards review.
3. Homeownership projects will be underwritten as rental projects unless the applicant can demonstrate certain sale of the property within six months of construction completion.

All awards of funding and project support will be made at the sole discretion of the Deputy Commissioner of Project Finance & Development of the Department of Housing & Community Development. Decisions concerning City contributions may be based on the availability of resources.





- **3. Evidence of Site Control and Development Approvals.** Applicants must be able to demonstrate a reasonable expectation of control over the project site. Evidence must be in the form of a copy of the deed to the property, a copy of the sales contract, an executed land disposition agreement, or a letter of intent to purchase the property. Other evidence may be accepted at the sole discretion of Baltimore Housing.

At the time of application to the City, applicants must also be able to show what development approvals are needed for the project (i.e . zoning, site plan review committee approval, BMZA, City Council legislation: Conditional Use, PUDs, Street and Alley Closings, etc.) and demonstrate that they have begun to gain the necessary approvals. Evidence can be, but is not limited to, a copy of the Planning Department Pre-Development meeting request form, copy of a filed BMZA application, SPRC approval, zoning certification letter from the City of Baltimore Zoning Administrator. In the case of required legislation or public hearings, applicants must be able to demonstrate a reasonable expected timeline for bill introduction and/or hearing schedule. Evidence submitted must exemplify and support the type of approvals needed for the project. Other evidence may be accepted at the sole discretion of Baltimore Housing.

- **4. Evidence of Community Consultation.** Applicants must contact neighborhood organizations in the vicinity of the proposed development prior to applying for funding. A list of relevant organizations can be obtained from the Baltimore City Planning Department at 410.396.4329 or online at [www.baltimorecity.gov/government/planning/cad.php](http://www.baltimorecity.gov/government/planning/cad.php) or under the Community Association Directory tab. Applications must include evidence of consultation, which shall include a copy of the agenda that was distributed when the presentation was made and copies of all correspondence and emails pertaining to the proposed project.
- **5. Disclosures.**

Has any principal identified in this form or any corporation or organizations in which this principal is or was formerly a principal partner, managing member or otherwise owned or control more than 10% of the shares or assets of a corporation, been the subject to any of the following?		
Pending judgments, legal actions, lawsuits, orders and/or orders of satisfaction?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Been convicted or in a pending case for fraud, bribery, or grand larceny?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Been convicted or in a pending case for arson?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Adjudged bankrupt, either voluntarily or involuntarily, within the past 10 years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Indicted for or convicted of any felony within the past 10 years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Unpaid taxes or liens?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Declared in default of a loan or failed to complete a development project?	<input type="checkbox"/> Yes	<input type="checkbox"/> No



Failed to complete or currently in violation of any agreement involving  Yes  No the City of Baltimore?

If the answer to any of the above is yes, please provide a full explanation below, including as appropriate for each case 1) date, 2) charge, 3) place, 4) Court, 5) action taken, and 6) current disposition. Attach additional sheets or documentation, as necessary.

- 6. Owned Property Disclosure.** Applicants must identify any property developed, owned and/or managed by the applicant or any principal listed in this application or by a corporation or organization in which the applicant or any principal listed in this application is or was at the time of development, ownership or management a principal partner, managing member or otherwise owned or controlled more than 10% of the shares or assets of a corporation. This includes personal residences.

<b>Address</b>	<b>Name of Legal Owner</b>	<b>Role</b>	<b>Relationship to Applicant</b>
<i>Example: 417 E Fayette Street Baltimore, MD 21202</i>	<i>HCD LLC</i>	<i>Developer, Owner, Manager</i>	<i>Jane Smith (principal in Applicant Entity LLC) is President of HCD LLC.</i>





□ **7. Certification.**

Please note: if the applying entity is a joint venture, an officer of each entity composing the joint venture must sign this certification form.

I, \_\_\_\_\_, am an officer authorized to make a binding contractual commitment for the applicant.

I have received, read, and understand the provisions of this Notice of Funding Availability (NOFA).

I acknowledge that failure to disclose a material fact or to misrepresent a fact can result in disqualification of the development proposal from further consideration. I certify that all information contained in this response to the NOFA, including, but not limited to, the disclosure information is true and correct to the best of my knowledge and belief.

I understand by signing this form in conjunction with a response to this NOFA, that the City may, at its choosing, conduct a check with Dun and Bradstreet and other credit verification or similar agencies.

I understand that the City is not obligated to pay, nor will it in fact pay, any costs or losses incurred by the applicant at any time, including, but not limited to, the cost of: 1) any prior actions by the applicant in order to respond to the application, and/or 2) any future actions by the applicant in connection with any negotiations between the applicant and the City, including, but not limited to, actions to comply with requirements of Baltimore Housing, the City. I agree to comply with any applicable Federal, State or City laws and regulations governing this development proposal.

I agree that I will not enter into, execute or be a part to any Covenant, Agreement, Lease, Deed, Assignment or Conveyance, or any other written instrument which restricts the sale, lease, use or occupancy of the property or any part thereof, upon the basis of race, color, religion, sex, or national origin and will comply with all Federal, State, and local laws, in effect from time to time, prohibiting discrimination or segregation and will not discriminate by reason of race, color, religion, sex or national origin in the sale, lease, use or occupancy of the property.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_



- **8. Site and Neighborhood Standards (New Construction ONLY)**
  - Census Tract: \_\_\_\_\_
  - Minority Concentration Percentage: \_\_\_\_\_
  - Poverty Rate: \_\_\_\_\_
  - Is the proposed project in a census tract that is located within a HUD-designated Enterprise Zone, Economic Community, HUB Zone, or Renewal Community?
  - Is the project located in a State of Maryland Enterprise Zone or Empowerment Zone?
  - Will the project be located in a census tract where the concentration of assisted units will be or has been decreased as a result of public housing demolition? If yes explain in detail.
  - Is the census tract in which the project will be located undergoing significant revitalization? If yes explain in detail.
  - Are new market rate units being developed in the same census tract where the proposed project will be located?
  - What is the likelihood that such market rate units will positively impact the poverty rate in the area?
  - Indicate what meaningful opportunities for educational and economic advancement in the census tract where the proposed project will be located?
  - Does the site promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income person?
  - Is the site accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents?
  - Is the travel time and cost via public transportation or private automobile considered excessive from the neighborhood to places of employment providing a range of jobs for lower-income workers?
  - Is the site located in an area of minority concentration (more than 20% greater than the average minority concentration for Baltimore City – i.e. more than 84%)? If yes are there sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of the minority concentration?
  - Is the site located in an area of minority concentration (more than 20% greater than the average minority concentration for Baltimore City – i.e. more than 84%)? If yes is the project necessary to meet overriding housing needs that cannot be met in the housing market area [“Overriding housing needs” criterion means the sites is an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalization area”)?]



- Is the neighborhood seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions?
- **9. CHDO Certification**  
**In light of the fact that a CHDO must be certified at the time HOME funds are committed to a project the following documents must be submitted with the project information.**

**I. Requirement:**

**a. Legal Status:**

- i. Organized under State or local law.
- ii. No part of net earnings inures to benefit of any member, founder, contributor, or individual.
- iii. Has a tax exemption ruling from the IRS under 501 (c).
- iv. Has among its purposes the provision of decent affordable housing.

**b. Necessary evidence:**

- i. A Charter or Articles of Incorporation
- ii. By Laws and Resolutions
- iii. Employer Identification Number
- iv. Current Real Estate Development Plan
- v. A HUD approved Audit Summary, if available

**II. Requirement:**

**a. Organization Structure:**

- i. At least 1/3 of governing Board's membership are residents of low income neighborhoods, other low-income community representatives, or elected representatives of low income neighborhood organizations in the jurisdiction and neighborhood where the project is located.
- ii. No more than 1/3 of Board members are public officials or appointed by public officials
- iii. None of its officers or governing Board members or employees are directors or officers or employees of a sponsoring for-profit entity.
- iv. Organization is not controlled by a public agency.
- v. Organization is not controlled by individual's seeking profit from the organization.
- vi. Organization is free to contract with vendors for goods and services.

**b. Necessary Evidence:**

- i. Statement explaining the role of the CHDO in the project specifically identifying whether the CHDO is the Owner and/or Developer and/or



Sponsor and if other parties are involved what roles they play in the project.

- ii. Roster of Officers and Directors with residence addresses (designating if a community representative or a public official/appointed by a public official)
- iii. By laws indicate 1/3 of Board members must be residents of low income neighborhoods, other low-income community representatives, or elected representatives of low income neighborhood organizations
- iv. Resumes of Board members
- v. Board minutes for last 6 months
- vi. Written statement that no Officers or Directors are Officers or Directors of a sponsoring for-profit entity (if applicable).
- vii. Memorandum of Understanding regarding relationship with for-profit entity (if applicable).
- viii. By Laws of For-Profit entity (if applicable)

**III. Requirement:**

**a. Experience:**

- i. History of serving the community in which the project is located.
- ii. Provides a formal process for low income program beneficiaries to advise the organization in real estate development activities.
- iii. Previous housing development results

**b. Necessary Evidence:**

- i. Written statement of experience in serving the community.
- ii. Description of current portfolio
- iii. Written statement of Operating Procedures regarding community consultation.

**IV. Requirement:**

**a. Capacity:**

- i. Demonstrated capacity for carrying out activities with HOME assisted funds.
- ii. Maintains adequate management functions (budgeting, financial reporting, cash flow management, internal controls, procurement, insurance, conflicts of interest)
- iii. General Management/Marketing capacity
- iv. Real Estate Project Management capacity
- v. Property Management capacity
- vi. Paid Staff with housing experience

**b. Necessary Evidence:**



- i. Organization chart **denoting paid staff or independent contractors**. The chart should indicate whether the paid staff and contractors are full or part time. If part time submit a statement that the part time staff or contractors are not employed by any other organization.
- ii. Required Development Experience
  - 1. Experience of staff must cover all aspects of the defined role of the CHDO in the project. For example if the CHDO is the developer the paid staff must demonstrate capacity for development (either performing the task or managing others to perform the task): acquisition, construction/rehab, property management, project management, financial structuring, legal, real estate marketing/sales. If the defined role of the CHDO is owner the staff must have experience in managing and owning a property of a similar nature.
  - 2. The experience must be in regard to developments of a size, scope and complexity similar to the project being proposed.
- iii. Paid Staff requirement
  - 1. Employees paid through payroll and employed on a W2 basis will meet this requirement.
  - 2. Contract staff may be acceptable IF they receive a 1099, the contract specifies an unlimited scope for the CHDO (not for a specific project), and the contract employee has day to day operating responsibility for the CHDO and has authority to make decisions.
- iv. Resumes of all paid staff and any independent contractors including specific experience in real estate projects in the past 5 years.
- v. Copy of policies and procedures (e.g. procurement, conflicts, human resources, project management).
- vi. Financial Statements (budget, financial reports such as cash flow, income statement, balance sheet).
- vii. Insurance certificates for Work Comp for paid staff.
- viii. Payroll evidence of employee payroll/copies of W2s for paid staff.

**V. Requirement:**

**a. Financial Accountability/Fiscal Soundness:**

- i. Conforms to stated accountability standards.

**b. Necessary Evidence:**

- i. **CURRENT** regulations require the following:

- 1. Financial management: 84.21 standards

- a. Accurate, **current** & complete disclosure of financial results



- b. Records of the source and application of funds
  - c. Safeguard all assets and assure use for authorized purposes
  - d. Comparison of outlays with budget amounts
  - e. Written procedures for receipt of funds and disbursement
  - f. Written procedures for applying OMB cost principles
  - g. Cost accounting records with source documentation
- ii. New regulations require an assessment of fiscal soundness
    - 1. Audited Financials
      - a. No qualification of financials at the level of material weakness
      - b. No qualification regarding going concern
      - c. Current D&O policy
      - d. No material litigation (material is liability > 15% of assets)
      - e. Demonstrates sufficient funds to support operations (sufficient to complete the project as proposed)
      - f. Demonstrates an appropriate level of liquidity (appropriate to complete the project as proposed).
    - 2. Certification from a CPA.
    - 3. Current Annual Audit.
    - 4. Annual budget and copies of last 2 quarters of internal financial reporting.
    - 5. General Liability and Property Insurance.
  - iii. Audited Financials
    - 1. No qualification of financials at the level of material weakness.
    - 2. No qualification regarding going concern.
    - 3. Current D&O policy.
    - 4. No material litigation (material is liability > 15% of assets).
  - iv. Annual Audit (if applicable)
  - v. HUD approved audit Summary (if available).

**Application Checklist:**

Tab      Contents

- 1. Form 202 of the Maryland Department of Housing and Community Development’s low income housing tax credit (“MD Form 202”) \_\_\_\_\_



- |   |       |
|---|-------|
| 2. Exhibit B to MD Form 202                                 | _____ |
| 3. Exhibit C Part 1 and Part 5 of MD Form 202               | _____ |
| 4. Exhibit E of MD Form 202                                 | _____ |
| 5. Exhibit F of MD Form 202                                 | _____ |
| 6. Baltimore Housing Supplemental Application               | _____ |
| 7. Evidence of Site Control                                 | _____ |
| 8. Evidence of Community Consultation                       | _____ |
| 9. Disclosure Form  | _____ |
| 10. Owned Property Form                                     | _____ |
| 11. Executed Compliance Certificate                         | _____ |
| 12. Site and Neighborhood Standards (New Construction ONLY) | _____ |
| 13. CHDO Certification Documents                            | _____ |

**Monitoring:**

All active projects will be reviewed on a quarterly basis. These reviews will focus on reviews of the CHDO Strategic Plan and financials including budgets. These reviews are in addition to the project related meetings such as kick off, progress inspections and completion/close out.

**Other Assistance**

The Office of Project Finance will provide other assistance as follows:

- Annual CHDO Conference
- Recruitment of Board members

