

**NEIGHBORHOOD HOUSING & COMMUNITY DEVELOPMENT (NHCD)
AND
AUSTIN HOUSING FINANCE CORPORATION (AHFC)**

**FISCAL YEAR 2011-2012
CHDO OPERATING EXPENSES GRANT PROGRAM
Policy and Procedures Guidelines
Revised: October 14, 2011**

TABLE OF CONTENTS

	PAGE
SECTION I. PURPOSE and FUNDING.....	2
SECTION II. AUTHORITY	2
SECTION III. ELIGIBILITY	3
SECTION IV. ADDITIONAL REQUIREMENTS.....	3
SECTION V. APPLICATION and AWARD PROCESS	4
SECTION VI. DRAW or REIMBURSEMENT PROCESS.....	5
SECTION VII. REPORTING REQUIREMENTS.....	5
SECTION VIII. DEFAULT SANCTIONS	6
SECTION IX. GRIEVANCE	6

SECTION I. PURPOSE and FUNDING

- 1.01 General.** The CHDO Operating Expenses Grant Program is an activity of the City of Austin's Homeownership Development Program. The Community Development Officer of Neighborhood Housing and Community Development (NHCD) has administrative control of the Homeownership Development Program. The NHCD Department Director shall have the authority to:
- 1) Designate which NHDC or AHFC division will administer the program;
 - 2) Establish processes, procedures, and criteria for the development, implementation and operation of the Program Activity; and
 - 3) Establish yearly funding limits based on available funding for the Program Activity.
- 1.02 Purpose:** The CHDO Operating Expenses Grant Program is designed to provide operating funds to CHDOs based on financial need and the expectation that the CHDO will access HOME CHDO funding within 24 months of the award or has a project underway being funded with HOME CHDO funds. (See Section 5.05 concerning CHDOs that are unable to meet the 24-month requirement.)
- 1.03 Fund Source:** Home Investment Partnerships Program Funds (CFDA #14.239). Funding availability is subject to annual federal appropriation and to Austin City Council and Austin Housing Finance Corporation authorizations.
- 1.04 Type of Award:** Funds are awarded as a grant to CHDOs meeting the eligibility requirements at the time of application and are subject to the terms of the CHDO Operating Expenses Grant Agreement.

SECTION II. AUTHORITY

2.01 24 CFR 92.208 -- Eligible Community Housing Development Organization (CHDO) Operating Expense and Capacity Building Costs

a. Up to 5 percent of a participating jurisdiction's fiscal year HOME allocation may be used for the operating expenses of community housing development organizations (CHDOs). These funds may not be used to pay operating expenses incurred by a CHDO acting as a subrecipient or contractor under the HOME Program. Operating expenses means reasonable and necessary costs for the operation of the community housing development organization. Such costs include salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies. The requirements and limitations on the receipt of these funds by CHDOs are set forth in § 92.300(e) and (f). [below]

24 CFR 92.300 -- Set-aside for Community Housing Development Organizations (CHDO)

e. If funds for operating expenses are provided under § 92.208 to a community housing development organization that is not also receiving funds under paragraph (a) of this section for housing to be developed, sponsored or owned by the community housing development organization, the participating jurisdiction must enter into a written agreement with the community housing development organization that provides that the community housing development organization is expected to receive funds under paragraph (a) of this section within 24 months of

receiving the funds for operating expenses, and specifies the terms and conditions upon which this expectation is based.

f. Limitation on community housing development organization operating funds. A community housing development organization may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or \$50,000, whichever is greater, of the community housing development organization's total operating expenses in that fiscal year. This also includes organizational support and housing education provided under section 233(b)(1), (2), and (6) of the Act, as well as funds for operating expenses provided under § 92.208. [above]

SECTION III. ELIGIBILITY

3.01 Certified CHDO. Applicants must have certification as a Community Housing Development Organization from the City of Austin which is in effect at the time of Application. If certification expires between the application deadline and announcement of awards, CHDO must be recertified before grant funds can be accessed. A copy of the CHDO's current certification will be required with the Application.

3.02 Financial Need. The CHDO must have net assets of no more than two million dollars, **AND** the CHDO's ratio of net assets or unrestricted assets to its liabilities must be no more than 2.0. The Application will require submission of the CHDO's most recent financial audit as verification of assets and liabilities.

NOTE: Organizations recently certified as CHDOs which do not yet have a current financial audit should submit a current set of financial statements that include the organization's income and expenses for the prior calendar year or for the period twelve months prior to submitting the Application for a CHDO Operating Expenses Grant.

3.04 Funded Project. CHDO must have a project underway that is funded with HOME CHDO funds, or the CHDO expects to have a HOME CHDO project funded within 24 months. The Application will require information about the current or proposed project to be funded with HOME CHDO funds.

SECTION IV. ADDITIONAL REQUIREMENTS

4.01 Maximum award. CHDO Operating Expenses grants may not exceed 50% of the CHDO's total annual operating expenses. NHCD/AHFC has set the maximum award amount at \$25,000 per organization.

4.02 Training. NHCD/AHFC reserves the right to require key CHDO staff or key CHDO Board Members to attend certain training as a condition of receiving funds awarded under this program. The purpose of such training would be to increase the CHDO's capacity to carry out its mission to develop affordable housing, or for other purposes at NHCD/AHFC's discretion. Any requirement to attend training will be specified in the Grant Agreement between the CHDO and NHCD/AHFC.

4.03 Only Eligible Expenses Reimbursed. Expenses incurred within the Grant Agreement Period that are eligible under OMB Circular A-122 (Cost Principles for Non-Profit Organizations) may be reimbursed to the CHDO up to the dollar amount limit of the Agreement. Operating expenses means reasonable and necessary costs for the operation of the CHDO. Such costs include:

- salaries, wages, and other employee compensation and benefits;
- employee education, training and travel;
- rent, utilities, communication costs, taxes and insurance; and
- equipment, materials and supplies.

For specific information about eligible and ineligible expenses, refer to OMB Circular A-122.

4.04 Project-Related Expenses Not Eligible. Because AHFC's CHDO Operating Expenses Grant Program is designed to support a CHDO's operational needs, project-related expenses are not considered eligible operating expenses under this program.

Ineligible project-related expenses include, but may not be limited to:

- Pre-development costs;
- Hard costs;
- Soft costs; and
- Relocation costs

SECTION V. APPLICATION AND AWARD PROCESS

5.01 Application. The form of the Application for the CHDO Operating Expenses Grant Program is subject to approval by the NHCD Department Director.

5.02 Deadline. The application deadline will be specified in the Application.

5.03 Evaluation Process. NHCD/AHFC staff will review the Application and its required attachments for compliance with the guidelines stated herein. All applications received will be acknowledged by e-mail.

5.04 Calculation of Awards. The maximum award amount is \$25,000 annually per CHDO. In addition, CHDO Operating Expenses Grants may not exceed 50% of the CHDO's total annual operating expenses. The process to calculate the amount of awards will be:

1. The amount of funding available for the Program will be divided equally among qualifying CHDOs so long as the result is not more than \$25,000 per CHDO nor is an amount more than 50% of a CHDO's total annual operating expenses.
2. In the event a \$25,000 maximum award amount exceeds 50% of a CHDO's total annual operating expenses, the award for that CHDO will be reduced so as not to exceed the 50% limit.
3. Any remaining funds that result from a reduction of an award as described in 5.04 (2) above shall be distributed equally among the awards to the remaining CHDOs, again provided the distribution does not exceed the \$25,000 award limit or the 50% operating expenses limit.
4. NHCD/AHFC staff will notify CHDOs in writing of their respective award amounts and initiate preparation of grant agreements to be signed by each CHDO and the AHFC Treasurer.
5. After the conditions above have been met, and if there are program funds remaining, those remaining funds shall be carried forward into the next fiscal year, subject to Council/AHFC Board approval.

5.05 CHDOs at Risk of Not Meeting the 24-month requirement. A CHDO that has previously been awarded a CHDO Operating Expenses Grant but has less than 12 months to meet the 24-month requirement to have a CHDO project underway, may submit an

application for a CHDO Operating Expenses Grant for the next funding cycle. However, AHFC/NHCD will not execute a Grant Agreement until such time as a project becomes underway during the remainder of the 24-month period. If the 24-month period passes without the CHDO having initiated a CHDO project, those grant funds are forfeited and shall be carried forward into the next fiscal year, subject to Council/AHFC Board approval. The CHDO then becomes disqualified under the Program as specified in **Section VIII** below.

SECTION VI. DRAW or REIMBURSEMENT PROCESS

6.01 Requirements of CHDO. CHDO shall submit its request for reimbursement of eligible operating expenses **on the CHDO’s letterhead in the form of an individually numbered invoice**. Attach to the invoice the documentation supporting the amount of the reimbursement being requested. Such documentation may include, but may not be limited to, copies of:

- Vendor Invoices;
- Bills;
- Canceled checks;
- Receipts; and
- Any other documentation that substantiates an eligible operating expense incurred by the CHDO during the agreement period.

Unless otherwise authorized by NHCD/AHFC, the frequency of requests for reimbursement from each CHDO shall be limited to one request per month until the CHDO’s Operating Expense Grant funds for the fiscal year have been expended.

6.02 Requirements of NHCD/AHFC.

1. Staff shall review and process requests for reimbursements in a timely manner as prescribed by NHCD/AHFC policies and procedures or as prescribed by the employee’s own job performance standards.
2. Staff shall review the requests for reimbursements for completeness (signatures, fully documented expenses, expenses incurred within the agreement period, etc.).
3. Any ineligible expenses will be deducted from the request for reimbursement, the file noted for the reason the expense(s) was ineligible and the CHDO notified of the deduction and reason. If any deductions are made for ineligible expenses, the CHDO will be required to submit a corrected invoice in order to receive payment.

SECTION VII. REPORTING REQUIREMENTS

7.01 CHDO shall submit reports or documentation to NHCD/AHFC according to the following schedule, and other reports or revisions to reports upon request:

Required Reports or Documentation	Time Frame
All documentation required to support expenditures	With each request for reimbursement
Audited Financial Statements, Auditor’s Opinion and Management Letters	Within 180 calendar days following the end of CHDO’s Fiscal Year (must be provided annually)

SECTION VIII. DEFAULT SANCTIONS

8.01 Disqualification of Applicants: CHDOs may be disqualified from participating in the Program for reasons which may include but are not limited to the following:

- 1) Receiving operating expense grant awards but not:
 - a) having a HOME CHDO project underway upon the effective date of the Agreement;and
 - b) not accessing HOME CHDO funds for a housing development project within 24 months of the operating expense grant funds first becoming available to the CHDO (i.e., the date the funds are set up on the City system and are available to the CHDO to draw upon).

Disqualification under this Section 8.01 (1) shall last for **one annual funding cycle** (i.e., 12 months), typically beginning in October of a given year.

- 2) At any stage of the Program Activity process, an Applicant – whether a person or an organization – who knowingly presents false or misleading information, makes false statements, misrepresents himself or herself, or misrepresents the Applicant's financial condition with respect to the Program Activity will be disqualified from the Program for **three annual funding cycles** (i.e., 36 months).
- 3) Any applicant who is barred from participation in federal programs, according to the federal Excluded Parties List Search database (<https://www.epls.gov>), will be barred from the Program until such time as the federal sanction has been lifted and only then after **two subsequent annual funding cycles** (i.e., 24 months) have passed.
- 4) Any applicant, at any stage of the Program Activity, who attempts by any means to exert undue influence in order to obtain preferential treatment, will be immediately disqualified from further participation in the Program for **three annual funding cycles** (i.e., 36 months).
- 5) Any CHDO declared to be in default under the terms of an existing CHDO loan agreement with the Austin Housing Finance Corporation shall have its CHDO certification revoked and be disqualified from participation in the program. Future participation in the program is subject to the conditions in 8.01.6 below.
- 6) Any CHDO being allowed to participate in the program after a period of disqualification must meet all program requirements in effect at the time the CHDO is restored to eligibility for the program. Participation in the program is always subject to funding availability.

SECTION IX. GRIEVANCE

9.01 Grievance: Persons or organizations aggrieved by any action or inaction which occurs in the implementation of these Policy and Procedure Guidelines, and who wish to appeal said action or inaction, must do so by submitting an appeal in writing to the AHFC Housing Development Manager, or other person as may be designated by the Department Director, within five (5) business days from the date of the action causing the grievance. The aggrieved party shall submit a written appeal containing a concise explanation of the grievance and shall attach all supporting information and documentation.

The AHFC Housing Development Manager is charged with reviewing a grievance and issuing an administrative decision. Within three (3) business days of receiving the written grievance, the AHFC Housing Development Manager shall issue a memo to the Department Director that includes a written summary of the grievance received with an explanation of the administrative decision. Within five (5) business days of receiving the grievance, the Housing Development Manager shall respond to the aggrieved party with the decision regarding the grievance.

The Department Director shall constitute the final and highest administrative appeal. If the aggrieved party wishes to appeal the decision of the Housing Development Manager, the aggrieved party shall submit the final written appeal to the Housing Development Manager, within five (5) days of notification of the Housing Development Manager's decision regarding the initial grievance. The aggrieved party shall document in writing why the final appeal is being made and include all relevant information and documentation to support the claim. The Housing Development Manager will forward the appeal with all documentation, within two (2) business days, to the Department Director who shall respond to the aggrieved party within five (5) business days of receiving the written appeal with a final decision regarding the grievance.

Ineligible during Grievance Process: During the grievance process, the aggrieved party shall remain ineligible to participate in the CHDO Operating Expenses Grant Program until a final decision is issued for said grievance.