



# COMMUNITY HOUSING DEVELOPMENT ORGANIZATION **2017 DESIGNATION APPLICATION**

Brian Kenner  
Deputy Mayor for Planning and Economic Development  
Polly Donaldson, Director  
Department of Housing and Community Development  
1800 Martin Luther King Jr., Avenue, SE | Washington, DC 20020

# Table of Contents

<b>Introduction.....</b>	<b>3</b>
<b>General Information.....</b>	<b>4</b>
What Is a CHDO? .....	4
Why Form a CHDO?.....	4
What Are CHDO Set-Aside Eligible Activities? .....	5
What Special Assistance Is Available to CHDOs? .....	7
<b>CHDO Designation Application Instructions.....</b>	<b>9</b>
<b>2017 CHDO Designation Application .....</b>	<b>10</b>
PART I: General Information .....	10
PART II: Requirements for Designation as a CHDO.....	11
Organizational Status and Mission.....	11
Board Composition.....	12
Sponsorship and Independence.....	15
Relationship/Service to the Community.....	16
Financial Management and Capacity.....	18
Development Capacity.....	19
<b>Certification Form for CHDO Board.....</b>	<b>21</b>

## Introduction

This document provides a general overview of the Community Housing Development Organization (CHDO) Set-Aside under the Home Investment Partnerships (HOME) Program and CHDO requirements. The document:

1. Is intended for use by those organizations seeking to become a District of Columbia-designated CHDO.
2. Will enable potential applicants to assess the benefits of becoming a CHDO and determine whether this designation makes sense for their particular organization.

Application materials are included at the end of the document.

Other points of note:

- **CHDO Designation.** It is not a requirement for accessing HOME allocation funds. However, it is a prerequisite to receiving funds designated specifically for CHDOs. Becoming a CHDO makes a nonprofit eligible but does not guarantee funding.
- **Who Administers the Program.** The District of Columbia CHDO designation and funding processes are administered through the Department of Housing and Community Development (DHCD).
- **When to Submit Applications.** CHDO designation applications may be submitted anytime throughout the year. DHCD reserves the right to amend its policies and application process at any time CHDO.
- **Where to Get More Information.** The U.S. Department of Housing and Urban Development (HUD) has more information on the HOME program and CHDOs at its website <https://www.hudexchange.info/programs/home/>.
- **Where to Send Questions.** Questions regarding the CHDO designation process should be referred to Johnette M. Powell, Program Analyst, at (202) 442-7232 or [johnette.powell@dc.gov](mailto:johnette.powell@dc.gov).

## General Information

### What Is a CHDO?

A CHDO (pronounced cho'doe) is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Certified CHDOs receive designation from a Participating Jurisdiction (PJ) indicating that certain HOME Program requirements have been met and therefore are eligible for CHDO funding.

The HOME Program was authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended <https://www.hudexchange.info/resource/2647/title-ii-of-the-cranston-gonzalez-national-affordable-housing-act/>. HOME provides formula grants to states and localities that communities use – often in partnership with local nonprofit groups – to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. HOME funds are regulated and distributed to PJs by HUD.

A PJ is a term given to any state or local government that HUD has designated to administer a HOME Program. HUD designation as a PJ occurs if a state or local government: (1) meets the funding thresholds; (2) notifies HUD that it intends to participate in the program; and (3) obtains approval by HUD of a Consolidated Plan. Consolidated Plans describe community needs, resources, priorities and proposed activities to be undertaken under certain HUD programs, including HOME.

### Why Form a CHDO?

HOME funds are available through PJs exclusively for qualified, eligible CHDO projects and operating expenses. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside for CHDOs, as well as additional special assistance. CHDO set-aside funds provide equity for community-based organizations to undertake projects, and build their capacity to serve a broad range of affordable housing development. PJs are required to set-aside a minimum of 15 percent of their HOME allocations for housing development activities in which qualified CHDOs are the owners, developers and/or sponsors of affordable housing in the communities that they serve.

The roles of a CHDO as an owner, developer or sponsor have been codified in the HOME Investment Partnership Rule at 92.300(a)(2)-(6):

[https://www.govregs.com/regulations/expand/title24\\_part92\\_subpartG\\_section92.300](https://www.govregs.com/regulations/expand/title24_part92_subpartG_section92.300).

CHDOs must have paid staff with demonstrated capacity appropriate to the CHDO's role. Staff can be full-time or part-time. The CHDO can use an independent contractor(s). A CHDO cannot meet the capacity requirement based on use of volunteers, donated staff, shared staff or board members. Staff must have the experience/capacity relevant to the project and role as an owner, developer or sponsor. However, ONLY during the first year of operation as a CHDO can consultants be hired to demonstrate capacity.

In order to be designated as a CHDO, the applicant must delineate the geographic area in which the non-profit plans to develop a HOME-eligible project. Each PJ has a specific geographic area for which they have CHDO Certification responsibility. Becoming a certified CHDO does not automatically mean that the organization is entitled to any CHDO set-aside funds or CHDO Operating Assistance funds. It is at the discretion of the PJ and the availability of funds. However, if a

---

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)

CHDO is awarded set-aside funds for a HOME-eligible project, that CHDO must be re-certified and demonstrate capacity for each project before a written agreement is fully executed.

## **What Are CHDO Set-Aside Eligible Activities?**

HOME CHDO set-aside funds are for use by DHCD-designated CHDOs. CHDOs must be the owner, developer or sponsor of the affordable housing project in the community that they serve. In owner or developer roles, CHDOs must own HOME-assisted housing in fee simple absolute or have a long-term ground lease.

### **CHDO as an Owner**

A CHDO is considered an owner of a property when it holds valid legal title or has long-term leasehold interest (99-year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities. A CHDO can own and operate housing that it does not develop. A nonprofit that will undertake property ownership and management must demonstrate ownership/management experience.

While a CHDO may be sole owner and have another entity act as a developer, it also can be the owner and developer of its own project. The CHDO may own a property in partnership with either a majority or minority interest. However, the CHDO, in partnership with a wholly owned for profit or nonprofit subsidiary, must be the managing general partner with effective control (in decision-making authority) of the project.

### **CHDO as a Developer**

A CHDO is considered a developer when it either owns the property and develops the project or has the contractual obligation to a property owner to develop a project.

Under 24 C.F.R. 92.252, if the CHDO owns the property, it must be in total control of the development process, which includes:

- zoning;
- securing non-HOME financing;
- selecting architects, engineers and general contractors;
- overseeing the progress of the work; and
- determining the reasonableness of costs.

For HOME-assisted rental housing, the CHDO also owns the property during the development and throughout the period of affordability.

For HOME-assisted homebuyer projects, the CHDO must transfer title of the property and the HOME obligations to an eligible homebuyer within a specified time frame of project completion.

If the CHDO does not own the property, it must be under a contractual obligation with the owner to obtain financing and rehabilitate or construct the project. Under this arrangement, the CHDO assumes all risks and rewards associated with being the project developer. A written agreement between the CHDO and the property owner must detail the CHDO's specific obligations.

For HOME-assisted rental housing, the CHDO may manage the project for the owner at project

completion. For homebuyer housing, the owner must transfer title of the property and the HOME obligations to eligible homebuyers within a specified timeframe of project completion.

If the CHDO develops the property for an owner based on a written or other agreement with the PJ, the CHDO is acting in the capacity of a sub-recipient. CHDOs receiving funds as a sub-recipient cannot use the funds from the 15 percent set-aside for that particular project or service.

### CHDO as a Sponsor

A CHDO may be a sponsor for both HOME-assisted rental housing and homebuyer housing. A CHDO sponsor must always own the project before and/or during the development phase of the project.

#### For HOME-assisted rental housing

The CHDO is considered a sponsor when it develops a project that it solely or partially owns and agrees to convey ownership to a second nonprofit organization at a predetermined time. The conveyance may occur before or during development or upon completion of the project's development. In this situation, the following requirements apply:

- **HOME funds must be invested in the project owned by the CHDO sponsor.** The CHDO sponsor must identify the particular nonprofit organization that will obtain ownership of the property before the commitment of HOME funds. The second nonprofit must assume all HOME obligations (including repayment of loans and tenant and rent requirements) for the project from the CHDO at a specified time. If the property is not transferred to the nonprofit organization, the CHDO sponsor will remain liable for the HOME obligations.
- **The nonprofit organization must be financially and legally separate from the CHDO sponsor.** (The second nonprofit may have been created by the CHDO; nevertheless, it is a separate entity from the CHDO). The CHDO must provide sufficient resources to the nonprofit organization to ensure the completion of the development and long-term operation of the project.

#### For HOME-assisted homebuyer projects

The CHDO is considered a sponsor when it owns a property and then shifts responsibility for the project to another nonprofit at a specified time in the development process. The second nonprofit, in turn, transfers title, along with the HOME obligations and resale/recapture requirements, to a HOME-qualified homebuyer within a specified time frame. In this situation, the following requirements apply:

- The HOME funds must be invested in the property owned by the CHDO.
- The other nonprofit being sponsored by the CHDO must acquire the completed units or complete the rehabilitation or construction of the property.

Upon completion of the rehabilitation or construction, the sponsored nonprofit is required to sell (transfer) the property, along with the HOME loan/grant obligations, to a qualified homebuyer.

This sponsorship role could include a lease-purchase approach, whereby the sponsor would lease the property to a homebuyer for a period not to exceed two years. When the lease expires, the sponsor

must sell or transfer the property, along with the HOME loan/grant obligations, to the homebuyer. If the property is not transferred, the sponsored nonprofit retains ownership and all HOME rental requirements will apply.

### **CHDO as a Developer or Sponsor**

The CHDO developer and sponsor roles are similar in many ways. In both roles, the CHDO carries out the principal project development activities, such as acquisition, financing, construction management, and assembling a capable development team to bring a project from conception to completion.

However, as developer, the CHDO need not own the property.

As sponsor, the CHDO must own the property and shift the responsibility to another nonprofit at a specified time in the development process. This transfer could occur, for example, at the:

- initiation of the construction;
- completion of the construction; or
- issuance of the certificate of occupancy.

### **CHDO as a Sub-Recipient**

CHDOs may play the role of a “sub-recipient,” which undertakes all other HOME-eligible activities. Activities performed as a sub-recipient cannot be undertaken with, nor do they count toward, the 15 percent CHDO set-aside. Being a HOME sub-recipient is not the same as being a sub-recipient in the Community Development Block Grant (CDBG) program. A HOME sub-recipient is an entity selected by the PJ to administer:

- aspects of a HOME Program (that is, screen projects, market activities, review and certify tenant income, and counsel potential homebuyers); or
- an entire HOME activity (that is, manage a tenant based rental assistance program or review requests for HOME funds for the rental housing production set-aside).

When a CHDO is acting in the capacity of a HOME sub-recipient, it may not also receive HOME funds to develop, sponsor, or own housing funded through the sub-recipient activity it is administering. Doing so constitutes a conflict of interest for the CHDO.

**Example:** If a CHDO is distributing funds for a rental program for a PJ (as a sub-recipient), the CHDO may not grant itself money for rental projects it is developing.

### **What Special Assistance Is Available to CHDOs?**

In contrast to the 15-percent set-aside mandated by the HOME Program, PJs have total discretion whether to provide special forms of assistance to CHDOs. However, certified CHDOs are eligible to receive special assistance funds.

### **Operating Expenses in Conjunction With Producing Units**

Funds are sometimes available to provide general operating assistance to CHDOs receiving CHDO set-aside funds for development activities. Certified CHDOs may receive funds from PJs to be used for operating expenses depending on available funds. PJs have the OPTION:

---

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)

1. of allocating up to 5 percent of their HOME allocations to provide funds for CHDO operating expenses; and
2. to set a limit of HOME funds for CHDO operating expenses. This allocation does not count toward the required 15-percent CHDO set-aside funds that are to be used by CHDOs for projects.

Eligible operating expenses for which CHDOs may use the funds allocated by PJs include:

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

## HOME Program Resources

- **HOME Overview:** “The Home Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use-often in partnership with local nonprofit groups - to find a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households”:  
(<https://www.hudexchange.info/programs/home/>)
- **The HOME Final Rule: CHDO Roles: Own, Develop, Sponsor Webcast:**  
<https://www.hudexchange.info/trainings/courses/home-final-rule-chdo-roles--own-develop-sponsor-webcast/> has additional information on CHDO requirements.
- **Other information for HOME Investment Partnership Programs:** See the HUD Exchange website at <https://www.hudexchange.info/>.

## Additional Information

For additional information on CHDO Operating Assistance, please contact:

Johnette M. Powell, Program Analyst  
DC Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue SE, Room 225  
Washington, DC 20020  
Phone (202) 442-7232  
[johnette.powell@dc.gov](mailto:johnette.powell@dc.gov)



# CHDO Designation Application Instructions

Application narratives should be thorough and concise. DHCD reserves the right to verify all information and to consult with other agencies.

Failure to follow these instructions will result in the application being returned.

## Part I: General Information Instructions

- **Type or print all information** except where signatures are required.
- **Box 1:** Provide the requested information.
- **Box 2:** Enter the name, mailing address, telephone number and email address of the person who prepared the application.

## Part II: Requirements for Designation as a CHDO Form

1. Complete Part II by checking the boxes and indicating the specific page numbers that the documentation can be found within the entire application to demonstrate that the organization meets all of the requirements as outlined in Sections I through VI.

**For example, if the purpose of the organization is documented on page 12 of the Articles of Incorporation, which sequentially is page 23 of the application, please note that the purpose of the organization can be found on page 23 of the application within the Articles of Incorporation.**

2. Attach all required documentation.

**Applicants must carefully read and review the criteria to develop a complete application.**

In submitting the application, the instructions below must be followed:

- ✓ Applications must be typewritten or computer generated.
- ✓ Application material must be 8 1/2 x 11, 3-hole punched and bound.
- ✓ All pages must be numbered in sequence at the bottom of the page.

# 2017 CHDO Designation Application

## Part I: General Information

<b>1. APPLICANT IDENTIFICATION</b>  Nonprofit Organization Applicant:   Contact:  Address:  City/State/Zip:  Telephone:  Fax:  Federal Tax ID #:  Email Address:	<b>2. PERSON PREPARING APPLICATION</b>  Name:  Address:  City/State/Zip:  Telephone:  Email Address:
---	--

### 3. CERTIFYING OFFICIAL:

To the best of my knowledge and belief, data and information in this application are true and correct.  
The governing body of the applicant has duly authorized this application.

---

**Typed Name and Title**

---

**Signature**

---

**Date**

---

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)

## Part II: Requirements for Designation as a CHDO

### Organizational Status and Mission

- I. The organization must specifically adhere to the following four criteria demonstrated in one or more of documents listed in the boxes below.

- A. The nonprofit is organized under District of Columbia law.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND <input type="checkbox"/> Certificate of Good Standing from the Department of Consumer and Regulatory Affairs (Page Number _____)	Adequate	Deficient

- B. One of the purposes of the organization is to provide decent housing that is affordable to low- and moderate-income persons.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____) AND/OR <input type="checkbox"/> Resolution of the Organization's Board of Directors (Page Number _____)	Adequate	Deficient

- C. No part of the organization's earnings may benefit any members, founders, contributors or individuals.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____) AND/OR <input type="checkbox"/> Resolution of the Organization's Board of Directors (Page Number _____)	Adequate	Deficient

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)

- D. The organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under Section 501(c) or the Internal Revenue Code of 1986. The 501 (c) designations possible are 501(c)(3), 501(c)(4), and Section 905 status as a subordinate organization of a 501(c) organization. The designation may be either a valid conditional or final designation from the IRS.

	DHCD Use Only	
<input type="checkbox"/> <b>Letter from the IRS for either final or conditional designation (Page Number _____)</b>	Adequate	Deficient

### Additional Considerations

- The organization must submit a comprehensive strategic plan. In order to be a comprehensive plan, the plan should address: the mission, goals and vision of the organization; the population served; the organization's role in the community; the programs, services and products offered; the resources needed to succeed; and the best way to combine resources, programming and relationships to accomplish the organization's mission.

	DHCD Use Only	
<input type="checkbox"/> <b>Strategic Plan (Page Number _____)</b>	Adequate	Deficient

### Board Composition

- The organization must specifically adhere to the following criteria regarding board composition.

A CHDO board must be composed as follows:

- a minimum of one-third must be low-income representatives (provide ward number and census tract number, proof of income and/or proof of residency); and
- a maximum of one-third may be representatives of the public sector.

### Eligible Low-Income Representatives

- A low-income resident.** An individual who certifies that they qualify as low-income (household income at or below the 80 percent area median income).

### 2016 HUD Uncapped HOME Income Limits

Number of Persons	1	2	3	4	5	6	7	8
Low Income	\$70,150	\$60,850	\$69,550	\$86,900	\$93,900	\$100,850	\$107,800	\$114,750

- **A resident of a low-income neighborhood.** An individual who certifies that they live in a neighborhood that is no less than 51 percent low-to-moderate income; the board member does not have to be low-income. Neighborhood means a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government; except that if the unit of general local government has a population under 25,000, the neighborhood may, but need not, encompass the entire area of a unit of general local government. Therefore, if more than one neighborhood is being designated, all should be identified, such as Wards 1 and 2, etc.
- **A representative elected by a low-income neighborhood organization to serve on the CHDO board.** The organization must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block groups, neighborhood associations, and neighborhood watch groups. The board member must be elected by a low-income neighborhood organization and it may not be the CHDO itself. If the board member is qualifying under this criterion, a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO is required.

### Public Sector Representatives

- **Elected officials.** District of Columbia Council Member, Advisory Neighborhood Commission commissioner or school board representative.
- **Appointed officials.** Members of the regulatory and/or advisory board or commission appointed by elected District officials.
- **Public employees.** All employees of the District of Columbia government.

**Note: Board members meeting the definition of a public sector representative cannot meet the definition of a low-income representative for purposes of required board composition.**

- A. The organization must clearly commit to a governing board structure of at least one-third representation from **low income** neighborhoods, other low-income community residents or elected representatives of low income neighborhood organizations.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____)	Adequate	Deficient

- B. The organization must clearly commit to a governing board structure of no more than one-third representation from **public officials**, including employees of the PJ, or appointed by public officials, and any government-appointed board members may not, in turn, appoint any of the remaining board members.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____)	Adequate	Deficient

- C. If a CHDO is sponsored by a for-profit entity, the for-profit may not appoint more than one-third of the board. The board members appointed by the for-profit may not appoint the remaining two-thirds of the board members.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____)	Adequate	Deficient

- D. The organization must demonstrate that the current board meets the requirements that at least one-third of the board are low-income representatives and no more than one-third are public sector representatives.

	DHCD Use Only	
<input type="checkbox"/> Submit a list of current board members with names, addresses and places of employment with the low-income representatives and public sector representatives identified (Page Number _____) AND <input type="checkbox"/> Submit a signed certification from each low-income representative attesting that they meet the criteria as low-income OR have met the criteria as an individual who lives in a neighborhood that is less than 51% low-to-moderate income OR have been elected as representative of a low-income neighborhood group (Page Number(s) _____) and provide proof of low-income. *See board form in this application.	Adequate	Deficient

### Additional Considerations

1. **Board Representation.** The Board should have at least one representative for each geographic area to be served by the CHDO. Board member representing one-third (1/3) low-income or in a low income neighborhood must provide proof of income and/or proof of residency in a low-income neighborhood defined by HUD.
2. **Stability.** There should be stability/continuity of board members over the last several years.
3. **Development Oversight.** The Board should have a committee structure or other means of overseeing planning and development.
4. **Board Skills.** The Board members should have professional skills directly relevant to housing development. For example, real estate, legal, architectural, planning, construction, finance and management experience are all professional skills that are relevant to housing development.
5. **Decision-Making.** The Board should demonstrate the ability to make timely decisions using an appropriate process.

### Sponsorship and Independence

- III. Nonprofits that have been sponsored by other nonprofits, charities, religious organizations, local government, public agencies or for-profit corporations may qualify as CHDOs, but certain additional requirements and board limitations can apply.
  - A. The CHDO is not controlled by, nor receives directions from individuals or entities seeking profit from the organization.

	DHCD Use Only	
<input type="checkbox"/> By-Laws (Page Number _____) AND/OR <input type="checkbox"/> Memorandum of Understanding (Page Number _____)	Adequate	Deficient

- B. If sponsored or created by a for-profit entity, the for-profit entity's primary purpose does not include the development of management of housing.

	DHCD Use Only	
<input type="checkbox"/> For-profit Entity's By-Laws (Page Number _____)	Adequate	Deficient

- C. If sponsored or created by a for-profit entity, the CHDO is free to contract goods and services from vendor(s) of its own choosing.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____)	Adequate	Deficient

- D. 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.

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____)	Adequate	Deficient

## Relationship/Service to the Community

- IV. The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of **the organization is controlled by the community it serves**. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external agendas.

- A. A CHDO must demonstrate that it has at least one year of experience serving the community where it intends to develop HOME-assisted housing. Newly created organizations wishing to become CHDOs can meet this requirement if the sponsoring organization is a nonprofit and has provided services to the community for at least one year. The year of service does not have to be directly related to housing.

	DHCD Use Only	
<input type="checkbox"/> Submit a written narrative, newspaper clippings, annual reports, other funding approvals or other evidence that applicant organization or its sponsor has at least one year in serving the community (Page Number _____)	Adequate	Deficient

- B. Input from the low-income community is not met solely by having low-income representatives on the board. A CHDO also must have a formal process for low-income program



beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing.

- C. CHDOs should establish systems for community involvement in parts of their service areas where housing will be developed, but which are not represented on their boards. Such systems might include special committees of neighbors of a proposed development site, neighborhood advisory councils, or open town meetings. Submit written documentation and the adopted process for low-income input.

**Note: Community involvement is the most common deficiency in CHDO designation applications. This input process must be demonstrated as institutionalized through the organization's by-laws or board resolutions, and followed for every proposed housing project. Submitting a process that is not sufficient will result in the organization not meeting the 2017 designation criteria.**

	DHCD Use Only	
<input type="checkbox"/> Written and Adopted Process Approved by Governing Body (Page Number _____) OR <input type="checkbox"/> By-Laws (Page Number _____) OR <input type="checkbox"/> Board Resolutions (Page Number _____)	Adequate	Deficient

- C. The organization must serve a clearly defined geographic service area that may be a neighborhood(s) or ward(s), but not the entire District of Columbia as a whole (clearly identify the service area).

	DHCD Use Only	
<input type="checkbox"/> Charter (Page Number _____) AND/OR <input type="checkbox"/> Articles of Incorporation (Page Number _____) AND/OR <input type="checkbox"/> By-Laws (Page Number _____) AND/OR <input type="checkbox"/> Resolution of the Organization's Board of Directors (Page Number _____)	Adequate	Deficient

### Additional Considerations

1. **Needs.** Current plans should be well grounded in an understanding of current housing conditions; housing needs, and need for supportive services. The organization should have an analysis of the local housing market and the housing needs of low-income households.
2. **Relations.** The organization should have a good reputation and a positive relationship with the community that it serves.

---

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)

3. **Local Government Relations.** The non-profit should have a positive relationship with the local government of the community that it serves.
4. **Annual Audit.** The organization must submit a copy of the most recent audit and the last three months of financial statements.

## Financial Management and Capacity

- V. CHDOs must have financial accountability standards that conform to 24 C.F.R. Part 84, "Uniform Administrative Requirements," which prescribe standards for financial and program management.

**Note: The notarized statement or certification must specifically state 24 C.F.R. 200 (OMB Super Circular) "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."**

([http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl))

	DHCD Use Only	
<input type="checkbox"/> Submit a notarized statement by the president or chief financial officer of the organization. (Page Number _____) OR <input type="checkbox"/> Submit a certification from a Certified Public Account (Page Number _____)	Adequate	Deficient

## Additional Considerations

1. **Audit.** Audit information, if available, will be reviewed.
2. **Budget.** The organization should conduct annual budgeting of its operations and all activities and programs. It should track and report budget versus actual income and expenses.
3. **Reporting.** Financial reporting should be regular, current and sufficient for the board to forecast and monitor the financial status of the corporation.
4. **Cash Flow Management.** The organization should know its current cash position and maintain controls over expenditures.
5. **Internal Controls.** The organization should have adequate internal controls to ensure separation of duties and safeguarding of corporate assets. There should be sufficient oversight of all financial activities.
6. **Procurement/Conflict of Interest.** The organization should have a conflict-of-interest policy governing board members, employees, and development activities, particularly in procurement of contract services and the award of housing units for occupancy.

7. **The HOME Investment Partnership Rule (HOME), prohibits the following:** (1) employees and other representatives of PJs, state recipients and sub-recipients from obtaining a financial interest or benefit from any HOME assisted activity; and (2) owners and developers of HOME- assisted housing and their employees and other representatives from occupying HOME-assisted units found in 24 C.F.R. 92.356.  
(<https://www.hudexchange.info/resources/documents/Notice-CPD-98-09-HOME-Program-Conflict-of-Interest-Provisions.pdf>)
8. **Insurance.** The organization should maintain adequate insurance, including liability, fidelity, bond, workers compensation, property hazard and project.
9. **Financial Stability.** The current balance sheet and budget should indicate a sufficient, diversified and stable funding base to support essential operations.
10. **Portfolio Financial Condition.** If the organization has a portfolio of properties, they should be in stable physical and financial condition. The organization's portfolio of projects and properties should indicate competent management and oversight.
11. **Liquidity.** Whether the organization has liquid assets available to cover current expenses shall be considered, as well as whether the organization has funds available for predevelopment expenses or equity investments required for development.

## Development Capacity

VI. CHDOs must demonstrate capacity to carry out the HOME-assisted activities that are planned. This requirement means the CHDO must have one of the following:

- Experienced key staff that has successfully completed projects similar to those proposed by the CHDO. While CHDOs may rely upon volunteers to augment capacity or perform some functions, key staff must be paid employees of the CHDO (**employees of another organization that contractually provide staff to the CHDO does not meet this requirement**).
- The staff with limited development experience, that will use experienced consultants for the planning and development of projects, need to present a detailed written plan for key staff to be trained.

	DHCD Use Only	
<input type="checkbox"/> <b>Submit resumes and/or statements that describe the experience of key staff members and copies of any contracts with consultants to train key staff members. (Page Number _____)</b>	Adequate	Deficient

## Additional Considerations

1. **Previous Performance.** The organization should have exhibited competence with any previous CHDO activity.

2. **Management Capacity.** The organization's management should have the capacity and ability to manage additional development activities.
3. **Procedures.** The organization should have procedures for monitoring the progress of a project and the capacity to monitor project-level cash flow and schedules.
4. **Project Management.** The organization should have procedures for monitoring the progress of a project and the capacity to monitor project-level cash flow and schedules.
5. **Personnel.** There should be staff that is assigned responsibilities for housing development. Personnel policies and job descriptions should be clear and concise.
6. **Staff Skills.** The strength of staff in the following areas shall be considered:
  - Legal/financial aspects of housing development
  - Management of real estate development
  - Oversight of design and construction management
  - Marketing, intake
  - Property management (if applicable)
7. **Training.** Staff should be encouraged to obtain training and develop new skills.
8. **Member Involvement.** The organization's membership should be active and in support of the organization's housing activities.
9. **Funding Access.** The organization should have the ability to raise funds for the capital requirements of a project.

## Community Housing Development Organization (CHDO) Board Member\Certification Form

**Each CHDO board member must complete a form certifying that they meet the CHDO board member eligibility criteria.**

Name:	
Home Street Address:	
City/State/Zip:	
Home Phone Number:	Email Address:

I certify that I am one of the following (please select only one):

☐ **Public Official or Employee**

I am an elected official – council member, Advisory Neighborhood Commissioner of DC (ANC), school board representative, regardless of jurisdiction; an appointed public official – member of a regulatory and/or advisory commission of the District of Columbia or any other official appointed by an official of the District of Columbia; an employee of the District of Columbia government or an instrumentality of; or appointed by a public official to serve on the board – any person who is not a public official but who has been appointed by a public official.

☐ I certify that supporting documentation is attached to document that I am a Public Official or Employee as stated above.

☐ **Member of Low-Income Household**

I am a member of a household of \_\_\_\_\_ persons that has a combined total expected income for the year 20\_\_\_\_\_, of \_\_\_\_\_ (which is less than 80 percent of the area median income for a household of this size).

☐ **I certify that I am a legal resident of the District of Columbia and have provided proof of income to be reviewed by DHCD for a CHDO to be certified in the District of Columbia.**

☐ **Resident of Low Income Area**

I reside in Ward # \_\_\_\_\_, Tract # \_\_\_\_\_ a low-income neighborhood which has no less than 51 percent of its households with incomes less than 80 percent of the area median income.

---

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)

**Community Housing Development Organization (CHDO)  
Board Member\ Certification Form (continued)**

☐ I certify that I am a legal resident of the District of Columbia and have provided proof of residency to be reviewed by DHCD (a copy of a utility bill, lease or deed, etc.).

☐ **Elected Representative of Low-Income Group**

I am elected by the membership of \_\_\_\_\_  
(an organization whose membership is open to all residents of a defined neighborhood in which no less than 51 percent of the households have incomes less than 80 percent of the area median income), and my position on our governing body is primarily as a representative of that neighborhood group.

☐ I certify that I have submitted a copy of the signed resolution naming me as its representative.

☐ **Not a Low Income Representative**

DHCD retains a copy of all certifying documentation in the CHDO application solely for the purposes of the CHDO application certification process and abides by the Privacy Act of 1974.

\_\_\_\_\_  
Signature of Board Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of DHCD Representative

\_\_\_\_\_  
Date

**The Privacy Act of 1974 will be adhered to at DHCD.**

---

Department of Housing and Community Development  
1800 Martin Luther King Jr. Avenue, SE Washington, DC 20020  
(202) 442-7200 [www.dhcd.dc.gov](http://www.dhcd.dc.gov)