



# COMMUNITY HOUSING DEVELOPMENT ORGANIZATION

## 2010 CERTIFICATION APPLICATION

APRIL 2010

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Department of Housing and Community Development (DHCD)  
2010 CHDO Certification Application

*Effective April 2010*

LEILA FINUCANE EDMONDS, DIRECTOR

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## INTRODUCTION

This document provides a general overview of HOME Program Community Housing Development Organization (CHDO) Set-Aside and CHDO requirements so potential applicants can assess the benefits of becoming a CHDO and determine whether or not this certification makes sense for their particular organization. This application is intended for use by those organizations seeking to become a certified CHDO. Application materials are included herein.

It should be noted that CHDO certification is *not* a requirement for accessing HOME allocation funds, but it is a prerequisite to receiving funds designated specifically for CHDOs. Becoming a CHDO makes you eligible but does not guarantee funding.

The District of Columbia CHDO certification and funding processes are administered through the Department of Housing and Community Development (DHCD). CHDO certification applications may be submitted anytime throughout the year. DHCD reserves the right to amend its policies and application process at any time. The HOME program is governed by federal regulations found in 24 CFR Part 92.

Questions regarding the CHDO certification process should be referred to Valerie L. Burley, HOME Coordinator, at (202) 442-7243 or [valerie.burley@dc.gov](mailto:valerie.burley@dc.gov).

## GENERAL INFORMATION

### WHAT IS A CHDO?

The US Department of Housing and Urban Development (HUD) offers non-profit organizations an opportunity to access additional HOME program funding by becoming certified as a CHDO. Once an organization is designated a CHDO, it is “certified as meeting applicable federal regulations for the purpose of eligibility to apply for a certain set-aside of federal funding.” The following information pertains to CHDOs only.

### WHY FORM A CHDO?

CHDOs are established solely to provide access to a certain set-aside of federal HOME program funds. Federal regulations require the participating jurisdiction (PJ) to set aside

15% of each fiscal year's HOME fund allocation specifically for CHDO development-related activities. CHDO funding may be available for the following types of activities:

- Development projects: including new construction or acquisition and/or rehabilitation of rental or transitional housing units or single-family homes for homeownership opportunities (including project-specific down payment/closing cost assistance)
- Operating funds: in conjunction with a development project

A CHDO certification does not guarantee that an entity will receive funds; it simply makes them *eligible* to apply and if funded, receive funding from the special CHDO set-aside. *Potential* CHDOs will not be eligible to receive funding from the CHDO set-aside until they have met all of the CHDO requirements. The majority of HOME funding *is* eligible for use by entities other than CHDOs. CHDOs are eligible for non-CHDO funding, as well.

**The special CHDO set-aside may be used for development projects only.** Organizations seeking CHDO status should have a long-term commitment to the development of housing (for rental or homeowner properties) within the District of Columbia. Organizations should not seek CHDO status simply to increase its chance of receiving funding for one particular project if the organization has no long-term commitment to the development of affordable housing. It should be noted that CHDOs may apply for programmatic funding such as owner-occupied housing rehabilitation or tenant-based rental assistance program funds. If awarded, however, CHDOs will receive "regular" HOME Funds (not CHDO set-aside funds) as those activities are ineligible CHDO set-aside activities.

## WHAT ARE CHDO DEVELOPMENT PROJECTS?

In order to use CHDO set-aside funds, CHDOs must be owners, developers, or sponsors of HOME-assisted housing. A CHDO is an **owner** when it holds valid legal title or has a long-term leasehold interest in a property. The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities. When a CHDO has an ownership interest in a property with other entities, the CHDO must have a controlling interest in the property. The CHDO can maintain a minority interest in the ownership of the property as long as the CHDO has effective control (decision-making authority).

A CHDO is a **developer** when, regardless of ownership, it has the contractual obligation, as evidenced by a written agreement, to a property owner that:

- For rental housing: obtain financing, rehabilitate or construct and may maintain or manage the project. If the property is not owned by the CHDO, the contractual obligation to develop the project must be between the owner and the CHDO.
- For homeownership programs: where the CHDO does not have ownership of the property, obtain financing, rehabilitate or construct and transfer title of the property and the HOME assistance obligations from the owner to a HOME eligible client within a specified time frame.

A CHDO is a **sponsor** when:

- For rental housing: the CHDO develops a project that it solely or partially owns and agrees to convey ownership to a second non-profit organization at a predetermined time. It may convey ownership prior to, during, or upon completion of the development project (typically upon completion.) The HOME funds must be invested while the project is owned by the CHDO; the CHDO must identify, prior to commitment of HOME funds, the non-profit organization that will obtain ownership and the date ownership will be transferred; the second non-profit must assume all HOME obligations, including repayment of funds, for the project. If the property is not transferred to the second non-profit, the CHDO remains liable for the HOME obligations; the second non-profit must be financially and legally separate from the CHDO sponsor; the CHDO must provide sufficient resources to the second non-profit organization to ensure the development and long-term operation of the project; and, the second non-profit must be approved by DHCD.
- For homeownership projects, the CHDO owns and develops a property and transfers title and the HOME obligations to a qualified HOME-eligible client within a specified time frame. The sponsorship role could include a lease purchase approach whereby the CHDO sponsor leases the property to an eligible buyer for a period not to exceed two years. At the expiration of the lease, the CHDO must sell or transfer the property along with the HOME obligations to the homebuyer. If the property is not transferred, the CHDO must retain ownership and the property converts to rental housing.

- Note: A CHDO Sponsor must always own the project prior to and/or during the development phase of the project.

The developer and sponsor roles are similar in many ways. In both the developer and sponsor roles, the CHDO carries out the project development activities. However, as the developer, the CHDO need not own the property.

## HOW DO YOU FORM A CHDO?

The organizational structure that is required of CHDOs is outlined in the federal regulations that govern the HOME program. Once an organization has determined that it meets the CHDO requirements, it should submit its application along with all the required documentation to DHCD. DHCD will review the application and if everything is acceptable, will issue a letter certifying that the CHDO meets the requirements. If, after review of the application, DHCD finds that additional documentation is needed or that the organization falls short of HUD regulations, DHCD will notify the organization of the

CHDO Roles	RESPONSIBILITIES		
	Ownership during Development Phase	The Developer	Long-term Ownership
<b>Rental:</b>			
Owner	CHDO	CHDO or OTHER	CHDO
Developer	CHDO or OTHER	CHDO	CHDO or OTHER
Sponsor	CHDO	CHDO	2nd NON-PROFIT
<b>Homeownership:</b>			
Developer	OTHER	CHDO	HOMEBUYER

specific items that must be addressed before the application can be reconsidered. DHCD will re-certify CHDOs annually, to ensure that each organization's CHDO status is current.

## 24 CFR PART 92.2 (CHDO REGULATIONS)

Pursuant to the federal regulations which govern the HOME program, as stated at 24 CFR Part 92.2 (published September 16, 1996), a CHDO:

- Is organized under State or local laws; and

- Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; and
- Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
  - The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
  - The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for profit entity may not appoint the remaining two-thirds of the board members; and
- The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and
- Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986; and
- Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members; and
- Has standards of financial accountability that conform with 24 CFR 84.21, "Standards for Financial Management Systems;" and
- Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws; and
- Maintains accountability to low-income community residents by:

- Maintaining at least one-third of its governing board’s membership for residents of low income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations.; and
- Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
- Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
- Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

## CHDO APPLICATION INSTRUCTIONS

Submission Deadlines: Applications for CHDO Certification are accepted on an ongoing basis, during regular business hours, Monday through Friday, 8:15 a.m. – 5:00 p.m.

Applications must be mailed or hand delivered to:

Valerie L. Burley, HOME Coordinator  
 Department of Housing and Community Development  
 Office of Program Monitoring, 2<sup>nd</sup> Floor  
 1800 Martin Luther King, Jr. Avenue, SE  
 Washington, DC 20020

If all “required” information and/or documents are submitted to DHCD, the review process is usually completed within two to three weeks. Failure to return all the required documentation will delay the application’s review and processing.

An organization will be either granted certification or is notified in writing that a deficiency exists in the application. The organization is given fourteen (14) days to address the deficiency. Approximately two (2) weeks after submittal of the application (original or revised), the organization is notified in writing as to whether or not the application for CHDO certification has been approved. If the application is unacceptable, the reason(s) that application is unacceptable is/are outlined in writing.

Applications must be typewritten or computer generated. Application material must be:

- 8 ½ x 11 format
- 3-hole punched and bound
- indexed and tabulated to correspond with the information described below.

**Required Documentation (TABS):**

- A. Cover letter. Please include a cover letter briefly describing your organization, your mission and how it is related to the goal of being recognized as a Certified CHDO.
- B. Index. Provide an index of the required tabs.
- C. Application Forms. Complete and include the application.
- D. Proof of Non-Profit Status. Applicants must provide a copy of the non-profit 501(c) ruling from the Internal Revenue Service. If status is pending, you are not yet an eligible applicant.
- E. Staff Resumes. Current resumes of key staff members must be included. Resumes should indicate that staff members have experience with HOME funded projects.
- F. Agency Audit and Management Letter. Include a copy of the agency's most recent audit, including a copy of the Management Letter.
- G. Certificate of Good Standing issued by DC Department of Consumer and Regulatory Affairs.
- H. Articles of Incorporation or Charter. Include a Certified, true copy of the Agency's Charter or Articles of Incorporation.
- I. Agency's By-Laws. Include a copy of the Agency's By-Laws.

- J. Board Resolutions. If any resolutions were passed in order to meet the CHDO Certification Regulations, include a copy of the applicable resolution.
- K. Financial Accountability Statement or HUD approved audit summary. Include a statement from a Certified Public Accountant or a notarized statement by the president or CEO of the applicant that certifies that the agency meets financial accountability requirements as outlined in the application.
- L. Community Services Experience. A statement that shows the agency has a history of serving the community where housing to be assisted with HOME funds will be used.
- M. Development Project Experience. Provide a written narrative outlining all development project experience. Describe all development projects completed to date, including: a description of the project(s), locations(s), number of units, type of housing, population served, financing sources total project cost and ongoing involvement in the project (if rental); describe any project(s) that is currently under development, and any future plans for development projects.
- N. Board Representative Certifications. Complete a copy of the Board Member Certification Form for each representative on the board. Certifications must be submitted for all board members.

NOTE: If a member of a low-income household, use the HOME low-income limits at <http://dhcd.dc.gov/dhcd/cwp/view,a,1242,q,646859.asp> to determine if your income is below 80% AMI. If a resident of a low-income area, find the area's census tract or census block group at <http://factfinder.census.gov/servlet/AGSGeoAddressServlet?lang=en&programYear=50&treeId=420> by entering the street address. Once the census tract or block group is determined, to find if more than 50% of households are low-mod go to: <http://www.hud.gov/offices/cpd/systems/census/dc/index.cfm#lowmod>; then click on "summarized low/mod data FY09." Find census tract or block group on chart and find corresponding low/mod percentage in Column L. The census tract average or block group percentage must be over 50%.

# APPLICATION FOR DHCD 2010 CHDO CERTIFICATION

\*\*Application must be typed\*\*

**1. ORGANIZATION INFORMATION**

Organization Name:	
Date of Incorporation:	
Contact Person:	Title:
Phone Number:	Email:
Parent Organization, if applicable:	

IRS Tax Status (check one)

501(c) 3 received    
  501 (c) 4 received    
  Other 501 (c) explain:

Board Composition: Attach additional page as necessary

NAME	BOARD POSITION	MOST RECENT APPOINTMENT DATE	LOW-INCOME REPRESENTATIVE	PUBLIC OFFICIAL <i>(if public official cannot be low-income rep)</i>
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no
			<input type="checkbox"/> yes <input type="checkbox"/> no	<input type="checkbox"/> yes <input type="checkbox"/> no

Annual Operating Budget \$  (budget must be attached)

Major sources of ongoing Operating Funds (list, indicate if Federal or other and provide approximate annual amount) use additional sheet if necessary.

SOURCE	AMOUNT
	\$
	\$
	\$
	\$

What is the agency's defined service area?

Is the Executive Director experienced in housing development?  Yes  No

If yes, please list experience:

Are others on staff with prior development experience?  Yes  No

If yes, please list staff and experience:

Number of full-time employees:  Number of part-time employees:

## 2. LEGAL STATUS

A. Nonprofit that is organized under state or local laws as evidenced by: (Attach a copy of Charter or Articles)

Charter  Articles of Incorporation

B. No part of earnings will benefit of any member, founder, contributor or individual as evidenced by:

Charter  Articles of Incorporation

C. Has among its purposes the provision of decent housing that is affordable to low- and moderate-income people as evidenced by:

Charter  Articles of Incorporation  By-laws  Resolution

D. Has a tax exempt ruling from the IRS under section 501 (c) of the IRS Code of 1986 as evidenced by:

501(c) ruling from the IRS. Must be a 501(c)(3) or (4) IRS Certificate holder; OR be classified as a subordinate or central organization non-profit under section 905 of the IRS code as evidenced by a group exemption letter from the IRS that includes CHDO.

## 3. CAPACITY

A. Conforms to financial accountability standards of 24 CFR Part 84, Section 84.21 as evidenced by:

Statement from a Certified Public Accountant; OR

Notarized statement by the president or chief financial officer of the organization that at a minimum states that: "It is our opinion that the management of the corporation maintains financial records in compliance with the standards outlined in 24 CFR Part 84, Section 84.21. We believe that our (audit or review) provides a reasonable basis for our opinion"; OR

A HUD-approved audit summary.

B. Has demonstrated capacity for carrying out activities with HOME funds as evidenced by (include resumes, other documentation to show compliance)

Resumes/Statements describing the experience of key staff who have successfully completed projects similar to those to be assisted with HOME funds.

Contracts with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

C. Has a history of serving the community where housing to be assisted with HOME funds will be used as evidenced by:

A statement documenting at least one year of experience in serving the community.

For newly created organizations formed by local churches, service or community organizations, a statement documenting the parent organization has at least one year of experience serving the community.

The CHDO or its parent organization must be able to show one year of serving the community. In the statement, the organization must describe its history (or that of its parent organization) of serving the community by describing activities which it or its parent organization provided, such as developing new housing, rehabilitation of existing housing stock, managing housing, or delivering non-housing services that have had lasting benefits for the community such as counseling, food relief, or childcare facilities. **The statement must be signed by the president of the organization.**

#### 4. ORGANIZATION STRUCTURE

A. Maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organizations:

Charter                       Articles of Incorporation                       By-laws

B. Provides a formal process for low-income program beneficiaries to advise the organization in all of its decisions regarding the design, location, development, and management of all HOME-assisted affordable housing projects as evidenced by the organizations:

By-Laws                       Resolution  
 Written statement of operating procedures approved by governing body

C. No more than one-third of the governing board members are public officials as evidenced by the organizations:

Charter                       Articles of Incorporation                       By-laws

#### 5. RELATIONSHIPS WITH FOR-PROFIT AND SPONSORING ENTITIES

A. The CHDO is sponsored or created by a for-profit entity:

Yes                       No

If the answer is yes, answer the following questions. If no, stop here.

B. The sponsoring or creating entity is a housing developer or manager as evidenced in the for-profit organizations by-laws or similar operating guide:

Yes                       No

C. The CHDO is free to contract for goods and services from vendor(s) of its own choosing as evidenced in the CHDOs:

Charter                       Articles of Incorporation                       By-laws

D. The for-profit or sponsoring entity may not appoint more than one-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not in turn appoint the remaining two-thirds of the board members as evidenced by the organizations:

Charter                       Articles of Incorporation                       By-laws

E. The CHDO is not controlled by, nor receives direction from individuals or entities seeking profit from the parent organization as evidenced by:

Charter                       Articles of Incorporation                       By-laws

## CERTIFICATION FORM FOR CHDO BOARD MEMBERS

A form must be completed for each Board Member

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

Select Only One

**Public Official or Employee**

I am an elected official – council member, ANC commissioner, 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.

**Member of Low-Income Household**

I am a member of a household of  persons that has a combined total expected income for 2010, which is less than 80% of the area median income for a household of this size.

**Resident of Low Income Area**

I reside in census tract or block group number  which in the 2000 Census has more than 50% of its households with incomes less than 80% of the area median income.

**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 the 2000 census shows that more than 50% of the households have incomes less than 80% of the area median income, and my position on our governing body is primarily as a representative of that neighborhood group. The group name is:  and the census tract/block group numbers served by the neighborhood group are:

**Not a Low Income Representative**

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

\_\_\_\_\_  
Date