



Community Housing Development Organization (CHDO) Manual

- Policies and Procedures
 - Application for Designation
 - Initial and Biannual Recertification
-

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WHAT IS A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)?

A CHDO is a private, nonprofit, community-based organization that has significant capacity, and has among its purposes the provision of affordable housing for the community it serves. Certified CHDOs receive special designation from the City of Cincinnati's Department of Community and Economic Development (DCED). The HOME Investment Partnerships Program (HOME) definition of a CHDO is found at 24 CFR Part 92.2.

WHAT SPECIAL BENEFITS ARE AVAILABLE TO CHDOs?

HOME regulations require that the City set aside 15 percent of its annual HOME entitlement allocation exclusively for qualified, eligible CHDO projects. The City may set aside up to 5 percent of its annual HOME entitlement allocation to provide operating support for certified CHDOs.

REGULATORY REQUIREMENTS FOR CHDO CERTIFICATION

The U.S. Department of Housing and Urban Development (HUD) has established standard criteria for organizations to be eligible to become a certified CHDO:

1. **Organized Under State/Local Law.** A nonprofit organization must show evidence in its Articles of Incorporation that it is organized under state or local law.
2. **Nonprofit Status.** The organization must be conditionally designated or have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. A 501(c) certificate from the IRS must evidence the ruling.
3. **Purpose of Organization.** Among its primary purposes, the organization must have the provision of decent housing that is affordable to low- and moderate-income people. This must be evidenced by a statement in the organization's Articles of Incorporation and/or Bylaws.
4. **Board Structure.** The board of directors must be organized to contain no more than one-third representation from the public sector and a minimum of one-third representation from the low-income community.
5. **No For-Profit Control.** The organization may not be controlled by, nor receive directions from, individuals or entities seeking profit from or that will derive direct benefit from the organization.
6. **No Individual Benefit.** No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the organization's Articles of Incorporation.
7. **Clearly Defined Service Area.** The organization must have a clearly defined geographic service area outlined in its Articles of Incorporation and/or Bylaws. CHDOs may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a city, town, village, county, or multi-county area), they may not include the entire state.
8. **Low-Income Advisory Process.** A formal process must be developed and implemented for low-income program beneficiaries and low-income residents of the organization's service area to advise the organization in all of its decisions regarding the design, location, development and management of affordable housing projects.

9. **Capacity/Experience.** To qualify as a CHDO, a nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities. Capacity cannot be demonstrated by use of a consultant, except in the first year that a CHDO becomes certified. The key staff and board of directors must also have significant experience and capacity to carry out CHDO-eligible, HOME-assisted projects in the community where it intends to develop affordable housing.)
10. **Community Service.** A minimum of one year of relative experience serving the community(ies) where it intends to develop affordable housing must be demonstrated.
11. **Financial Accountability Standards.** The organization must meet and adhere to the financial accountability standards as outlined in 2 CFR 200.

REQUIREMENTS FOR CHDO CERTIFICATION

In addition to the regulatory requirements, the City has established additional criteria for CHDO designation. To be eligible for CHDO designation, an organization must also:

1. Maintain a record of good standing with the Ohio Secretary of State's office.
2. Maintain a staffed, physical office location in the proposed service area that is open for business and accessible by potential program applicants during generally accepted customary business hours.
3. Have established a comprehensive strategic plan, which must include CHDO-related production and community involvement goals.
4. Maintain a history of no significant compliance findings on its City-funded projects.

Please note that the criteria noted above is not intended to be all-inclusive and the City may require additional information prior to making a determination for CHDO designation. Meeting the above requirements does not guarantee that the organization will be granted CHDO designation. The City reserves the right to deny or revoke CHDO designation based upon its evaluation of the nonprofit organization's performance. Designated CHDOs will be evaluated periodically for production and other benchmarks as established by the City.

ORGANIZATIONAL STRUCTURE REQUIREMENTS FOR CHDO CERTIFICATION

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.

There are four specific requirements related to the organization's board, which must be evidenced in the organization's Articles of Incorporation and/or Bylaws. These are:

1. **Low-Income Representation.** At least one-third of the organization's board must be representatives of the low-income community served by the CHDO. There are three ways a board member can meet the definition of a low-income representative:
 - The person lives in a low-income neighborhood where 51% or more of the residents are low income. This person need not necessarily be low income.

or

- The person is a low-income (below 80% area median income) resident of the community.
or
- The person was 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 CHDO is required to certify the status of low-income representatives.

2. **Public Sector Limitations.** No more than one-third of the organization's board may be representatives of the public sector, including elected public officials, appointees of a public official or any employees of the City or the State of Ohio. If a person qualifies as a low-income representative **and** a public sector representative, their role as a public sector representative supersedes their residency or income status. Therefore, this person counts toward the one-third public sector limitation.
3. **Low-Income Advisory Process.** Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described in writing in the Articles of Incorporation and/or Bylaws. Each project undertaken by the CHDO should allow potential program beneficiaries to be involved and provide input on the entire project from project concept, design and site location to property management. One way to accomplish this requirement is to develop a project advisory committee for each project or community where a HOME assisted project will be developed. Proof of input from the low-income community will be required at the CHDO's biannual recertification.
4. **For-Profit Limitations.** 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-third of the board members.

EXPERIENCE, CAPACITY AND FINANCIAL ACCOUNTABILITY REQUIREMENTS FOR CHDO CERTIFICATION

To be certified as a CHDO, the HOME Program requires organizations to demonstrate sufficient experience, capacity, and financial accountability.

EXPERIENCE & CAPACITY

CHDOs must demonstrate a history of serving the community where the housing to be assisted with HOME funds will be located. HUD requires that organizations show a history of serving the community by providing:

- A statement that documents at least one year of experience serving the community.
- For newly created organizations, provide a statement that the parent organization (if applicable) has at least one-year experience serving the community.

As of 2013, all CHDOs must have at least one paid staff member with relevant professional experience. Except in the first year of CHDO operation, this individual must be a paid employee, not a consultant.

CHDOs must demonstrate that their key staff and board of directors have the **relevant** experience necessary to perform the HOME-assisted activities they plan to undertake. CHDOs must provide resumes and/or statements of key staff members that describe their experience of successfully completed projects similar to those proposed.

FINANCIAL ACCOUNTABILITY

CHDOs must have financial accountability standards that conform to the requirements detailed in 2 CFR 200. This can be evidenced by:

- A notarized statement by the president or chief financial officer of the organization.
- Certification from a certified public accountant.
- Audit completed by a verified State Certified Public Accountant.

CHDO SERVICE AREA

While the City does not limit the number of neighborhoods in a CHDO's service area, the very definition of a CHDO is that it be community based. Therefore, an organization proposing a large or regional service area must demonstrate that it is taking the appropriate steps to achieve the community-based component. Some of the ways this can be achieved is by having an active community (non-public) representative from each of the counties on the CHDO's board of directors; establishing local advisory councils to advise the CHDO board on topics relative to the organization's activities; hosting "town hall" meetings in the proposed project areas, etc. The City will consider other methods employed by the CHDO. CHDOs will be required to provide updates on how it is ensuring that it is active and visible in the communities included in its service area.

CHDO CERTIFICATION

The City of Cincinnati certifies CHDOs on a biannual basis although initial certifications may be submitted on a rolling basis. Certification is valid for up to two years, after which time CHDOs must be recertified. CHDOs will also be recertified each time the City commits HOME funds to a CHDO project. If a CHDO is initially certified in the middle of a biannual certification period, the CHDO must recertify at the next biannual recertification regardless of whether two years have passed since certification. To be considered for initial or recertification CHDO applicants must submit, or verify, at minimum, the following information:

- An application for initial certification or recertification on a form provided by the City of Cincinnati
- Organization Charter or Articles of Incorporation
- Certificate of Good Standing from the Ohio Secretary of State. New organizations may submit a Certificate of Existence
- IRS certificate or letter showing organizational designation

- Organizational by-laws or relevant resolutions
- Notarized statement by the president or CFO, a certification from a CPA, or a HUD approved audit summary showing CHDO conformance to 2 CFR 200
- Resumes of paid CHDO staff and/or resumes or narratives describing experience of other key staff and board members with relevant experience
- Statement signed by the Board President that details experience in serving each community for which Certification is sought
- Copy of current fiscal year operating budget categorized by program
- Description of current and planned affordable housing activities including CHDO-related production with specific benchmarks and community involvement goals. This information may be included in a Comprehensive Strategic Plan or other narrative.
- A listing of the CHDO board of directors certified by the board president which shows each board member's name, county of residence, employer, whether the member's household earns less than 80% of the Area Median Income, whether the member is a resident of a low-income neighborhood, whether the member is an elected neighborhood representative, whether the member is a public official or employee or works in the private sector, and when the member's term of service to the CHDO board concludes. This information is to be provided on the form provided by the City of Cincinnati.
- Certifications of low-income board representatives on the appropriate form provided by the City of Cincinnati
- Payroll records documenting the employment of at least one full-time, paid CHDO employee. If this is the first year the CHDO has existed, payroll is not required
- Other documentation as required to complete the City's CHDO application

CHDO SET-ASIDE

The HOME requirements at 24 CFR Part 92.300 require the City to allocate at least 15 percent of its annual HOME allocation for projects owned, developed or sponsored by CHDOs.

A certified CHDO must serve as the owner, developer or sponsor of a HOME-eligible project when using funds from the 15 percent CHDO set-aside. A CHDO may serve in one of these roles or it may undertake projects in which it combines roles, such as being both an owner and developer.

CHDO AS AN OWNER

A CHDO is considered an owner of a property when it holds valid legal title or has a long-term leasehold interest (99-year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities.

If CHDO-owned property is to be redeveloped, the CHDO may be sole owner and have another entity act as developer or it can also 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. The CHDO must own the rental housing during development and for a period at least equal to the period of affordability for the project.

CHDOs can also acquire existing housing that already meets HUD property standards, provided it continues to own the housing throughout the affordability period.

CHDO AS DEVELOPER

A CHDO is considered a developer of **rental housing** when it is the owner (in fee simple absolute or long-term ground lease) and project developer. The CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME financing, selecting project architects, engineers, and contractors, overseeing progress of the work, and determining cost reasonableness. The CHDO must own the HOME-assisted housing during development and throughout the period of affordability. *(Note that pre-2013 federal HOME rules allowed a CHDO to act as a developer without owning the property. This is no longer permitted).*

A CHDO is considered a developer of **housing for homeownership** when the CHDO is the owner (in fee simple absolute) and developer of new housing that will be constructed or existing substandard housing that is owned or will be acquired by the CHDO and rehabilitated for sale to low-income families. To be the "developer," the CHDO must arrange financing for the project and be in sole charge of construction. As part of its set-aside funds, the CHDO can provide direct down-payment assistance to a buyer of the housing it has developed with HOME funds in an amount not to exceed 10 percent of the amount of HOME development funds. In this role, the CHDO is not a subrecipient.

CHDO AS A SPONSOR

For HOME-assisted rental housing, a CHDO sponsors rental housing in one of two ways:

1. When the property is owned or developed by one of the following:
 - A wholly owned subsidiary of the CHDO
 - A limited partnership in which the CHDO or its wholly owned subsidiary is the sole general partner
 - A limited liability company in which the CHDO or its wholly owned subsidiary is the sole managing member
2. If the limited partnership or limited liability company agreement permits the CHDO to be removed as sole general partner or sole managing member, respectively, the agreement must require that the removal be "for cause" and that the CHDO must be replaced by another CHDO. In addition, HOME funds must be provided to the entity that owns the project when the CHDO owns and develops the housing and agrees to convey the housing to a private nonprofit organization at a predetermined time after completion of the project development. Such arrangements typically occur when a CHDO has development expertise and the nonprofit organization has the capacity to own and operate the housing. The CHDO is required to own the property before the development phase of the project and is required to select the nonprofit organization before entering into an agreement with the PJ that commits HOME funds to the project. The nonprofit organization assumes the CHDO's HOME obligation (including any repayment of loans) for the project. If the property is not transferred to the nonprofit organization, the CHDO sponsor remains liable for the HOME assistance and the HOME project.

Note that as of August 15, 2013, a CHDO can no longer serve as a “sponsor” of homebuyer housing.

CHDOs AS DEVELOPER OR SPONSOR

The CHDO developer and sponsor roles are similar. In both roles, the CHDO must own the property during development and must carry 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 a developer, the CHDO must own the property throughout the affordability period whereas as a property sponsor, the CHDO may transfer the property to a non-profit after project completion or may own and develop the property through its own subsidiary, partnership, or company.

ELIGIBLE AND INELIGIBLE USES OF HOME CHDO SET-ASIDE FUNDS

ELIGIBLE ACTIVITIES - OWNERS, SPONSORS, DEVELOPERS

Using the 15% set-aside, a CHDO acting as an owner, sponsor, or developer may undertake any of the following activities:

- Acquisition and/or rehabilitation of rental property;
- New construction of rental housing;
- Acquisition, rehabilitation and resale of existing, vacant homebuyer property;
- New construction of homebuyer property (**not** eligible for CHDO acting as a sponsor); and
- Direct financial assistance to purchasers of HOME-assisted housing developed by a CHDO with HOME CHDO set-aside funds.

Please note that to be considered a CHDO-eligible project, CHDO set-aside HOME funds must be used during the construction or rehabilitation of the project.

INELIGIBLE CHDO ACTIVITIES

The 15% set-aside CHDO funds are not eligible with any of the following activities:

- Rehabilitation of existing homeowners' properties;
- Tenant-based rental assistance (TBRA); or
- Down payment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO set-aside funds.

ELIGIBLE ACTIVITIES - SUBRECIPIENTS

CHDOs may also act as subrecipients with non-set-aside funds by undertaking all other HOME-eligible activities such as:

- Tenant-Based Rental Assistance (TBRA);
- Owner-occupied rehabilitation of single-family dwellings; and

- Down payment or closing cost assistance in the acquisition of single-family units.

OPERATING EXPENSES

The City has the option of allocating up to 5 percent of its HOME allocation to provide 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.) On an annual basis, these funds *may* be available to provide general operating expenses for certified CHDOs that are currently receiving CHDO set-aside funds for housing activities. A CHDO *may* also be provided with CHDO operating expense funds if the City determines that it is expected to receive CHDO project set-aside funds within 24 months of receiving the funds for operating expenses. The City will determine this expectation based on CHDO Certification status, an award of HOME funds from the City's Notice of Funding Availability (NOFA) program, an executed NOFA term sheet, project timeline, and other conditions to be determined by the City. Per 24 CFR 92.300, the written operating support agreement with the CHDO must specify the terms and conditions upon which this expectation is based. **CHDOs who have not drawn any HOME project funds within 24 months of first receiving operating support are ineligible to receive additional operating support until such time when project funds are expended (in accordance with 24 CFR 92.300(e) and HUD guidance document CPD-97-11).**

Operating funds are distributed on the City's fiscal year (July to June), provided funds are available and the CHDO has demonstrated acceptable performance. Although the disbursement of CHDO operating funds is not tied directly to the draw-down of the CHDO project funds, the City reserves the right to delay disbursement of operating funds if it is evident that the CHDO project is experiencing excessive delays. The City reserves the right to reduce the amount of, or not award, operating funds based upon its evaluation of the CHDO's production and overall performance.

The amount of operating funds awarded will be based on the total amount of HOME funds the City has available to allocate for reimbursable CHDO operating expenses, CHDO certification status, the CHDO's production and performance, and other factors as listed in the most recent Community Development Corporation (CDC) Operating Support Funding application. For any fiscal year, a CHDO may not receive HOME funded support in an amount that provides more than 50% of the organization's total operating budget in the fiscal year or \$50,000 annually, whichever is greater.

Eligible operating expenses for which CHDOs may use operating funds include:

- Salaries, wages, benefits, and other employee compensation
- Employee education, training and travel

On a case by case basis the City may approve the use of CHDO operating funds for the following expenses:

- Rent and utilities
- Communication costs
- Taxes and insurance
- Equipment, materials, and supplies

Because the purpose of providing CHDO operating support is to nurture successful CHDOs and ensure their continued growth and success, the City will periodically evaluate the performance of any CHDO wishing to receive CHDO operating funds.

Funding Application

To receive CHDO operating support funds, CHDOs shall apply to the CDC Operating Support Funding Application released annually by Homebase Cincinnati, the current administrator of the City's CDC operating funding. The CDC Operating Support Funding application must be completed in its entirety and submitted by the due date. To be eligible to receive operating support, CHDOs must submit the following in their application:

- Articles of Incorporation, By Laws, Current 501(c)(3) status showing valid Federal Tax ID Number
- Annual Operating Budget
- Current Board of Directors' roster with names and addresses, list of officers and designation of officers authorized to sign documents
- Current Certificate of Liability Insurance coverage and Fidelity Bonding (where applicable)
- Other information as requested in the CDC Operating Support Funding Application released by Homebase Cincinnati

Process for Drawing CHDO Operating Funds

Draw requests for eligible expenditures may be submitted on a monthly reimbursement basis. (CHDO must first expend the funds and then request reimbursement from the City.) For example, the CHDO may submit a draw request in October for eligible expenses incurred in September. Reimbursement requests must include the following:

- Signed timesheets for personnel costs, reflecting the amount of time spent on development activities defined in each organizations' work plan for those individuals paid all or in part with HOME funds
- Supporting documentation for other eligible expenses if applicable
- Necessary or appropriate determination, income certification or written agreements to document low- and moderate-income beneficiaries if applicable
- Other information as requested by the City
- Sales tax may not be reimbursed with any purchase

Progress Reporting

To document its performance and be eligible to receive operating funds, the CHDO must provide *the City* and Homebase Cincinnati with an annual progress report coinciding with the end of the annual CHDO operating fund term. The annual progress report due in June must describe the following:

- The status of the currently funded CHDO project or the project that is expected to receive CHDO funds.

- If the CHDO is not currently administering an eligible project, it is expected that it will be receiving CHDO project set-aside funds for an eligible project within 24 months of receiving operating support funding. If the CHDO does not have an eligible project funded by the City within that timeframe, operating support will not be awarded until an eligible project is funded.
- A narrative of the specific uses of CHDO operating funds, as well as a description of what the receipt of operating funds has enabled the CHDO to undertake or accomplish that it would otherwise have been unable to achieve (including development and predevelopment work, trainings, certification, etc.)
- The community engagement and participation of the CHDO, particularly with the intended beneficiaries of its projects and other low- and moderate-income households in its service area.
- Other documentation as requested by the City and Homebase Cincinnati.

Additional Requirements

In order to be eligible to receive operating support, CHDOs must also meet the following requirements:

- Demonstrate incrementally increasing production goals and/or expansion of its services to the community.
- Document that it has resolved any compliance findings on its City-funded projects in a timely manner. If a compliance finding is noted, it must be resolved before the next CHDO operating draw. The finding and resolution must be detailed in the quarterly progress report.

CHDO PROCEEDS

In an effort to support the organizational strength and financial stability of CHDOs, the City may, upon request, allow a CHDO to retain proceeds generated from its CHDO set-aside projects. To be eligible to request to retain CHDO proceeds, a CHDO must meet all of the following criteria:

1. Demonstrate a minimum of three (3) years of experience administering a revolving loan fund in a size and amount similar to the anticipated revolving loan pool to be derived from the use of CHDO proceeds. In its request, the CHDO must describe or provide the following:
 - a. type of existing revolving loan fund it administers (housing, economic development, etc.);
 - b. how many loans it is servicing;
 - c. year-to-date balance sheet for the revolving loan fund (must be current within 30 days of submission);
 - d. length of time the revolving loan fund has been in place;
 - e. source (or seed money) that established the fund and any associated restrictions;
 - f. loan servicing mechanism the CHDO utilizes (loan tracking software, manual ledger books, etc.); and
 - g. copy of the CHDO's policies and procedures for loss mitigation and loan delinquencies.
2. Employ an on-staff loan servicing department and/or finance officer.
3. Complete a successful HOME monitoring visit with no outstanding concerns or findings. Any other City-financed projects must also be successfully monitored.
4. Complete an audit compliant with 2 CFR 200.

First-time recipients of CHDO HOME funds are not eligible to retain CHDO proceeds. In addition, meeting the above-outlined criteria does not guarantee that the CHDO will be allowed to retain CHDO proceeds. The City reserves the right, at its discretion, to make this determination.

The final rule of the HOME regulations created the concept of CHDO proceeds. Examples of CHDO proceeds are funds resulting from:

- the permanent financing of a CHDO project used to pay off a CHDO-financed construction loan;
- the sale of CHDO-developed homeownership housing; or
- the principal and interest payments from a loan to a buyer of CHDO-developed homeownership housing.

Proceeds generated from the investment of CHDO set-aside funds in a HOME-eligible project and that are retained by the CHDO **are not** subject to the requirements of the HOME regulations, ***except in the event of repayment or recapture***. Therefore, CHDO proceeds have no federal identity and are not subject to the Davis-Bacon Act or the Uniform Relocation Act. However, since CHDO proceeds are derived from HOME funds, any activities funded with CHDO proceeds **may not** be counted as match for other City-financed projects.

As outlined in HUD guidance document CPD-97-09, CHDO proceeds must always be used for HOME-eligible or other affordable housing activities to benefit low-income families. The City has further defined this as affordable housing initiatives for households at or below 80 percent of the area median income, including:

- Predevelopment costs
- Housing counseling
- Emergency repairs
- Energy (weatherization) repairs
- Indoor plumbing
- Rental assistance
- Rental housing project reserves
- Rental housing operating subsidies
- Construction and/or permanent financing
- Repair, accessibility and adaptability modifications to owner-occupied housing
- Down-payment and closing costs assistance in the acquisition of existing housing
- Supportive services (as defined by Continuum of Care).

The City will consider additional uses of CHDO proceeds on a case-by-case basis.

CHDOs allowed to retain CHDO proceeds must report annually to the City how these proceeds were utilized. The City reserves the right to disallow a CHDO to continue to retain CHDO proceeds, if deemed necessary. Unless previously approved by the City, CHDOs that are allowed to retain proceeds may not also keep program income and are required to adhere to all other City requirements including:

- Underwriting/repayment criteria;
- Use of the City-provided loan documents;
- Universal design and minimum design standards;
- Cost containment;

- Maximum purchase price; and
- Maximum subsidy.

The City may, on a case-by-case basis, consider allowing a CHDO that retains proceeds to waive some or all of the additional City requirements noted above, but only after careful review of the CHDO's organizational capacity and experience.

Program income never loses its federal identity and is always subject to HOME regulations. HOME funds that are a result of **repayment** or **recapture** are always considered program income, even if originally funded from the CHDO set-aside. **Repayment** occurs when a HOME-funded project, including CHDO set-aside funds, is terminated before completion. **Recapture** occurs when a HOME-funded project, including CHDO set-aside funds, does not continue to be the principal residence of the HOME-assisted home buyer for the full affordability period. No administrative fees may be retained on repaid or recaptured funds.

If a CHDO is acting as a subrecipient, the funds generated from HOME-assisted activities are program income and are subject to HOME program income requirements.

In regard to administrative fees and CHDO proceeds, during the initial realization of CHDO proceeds, a CHDO may retain 10 percent for administrative costs. Thereafter, each time CHDO proceeds are realized, 20 percent may be retained for administrative purposes.

At the request of the CHDO, the City may permit the CHDO to exceed the 20 percent administrative limit on a one-time basis, if it can be demonstrated that the CHDO's capacity to serve its community would be strengthened.

CHDO PROCUREMENT

CHDOs must follow appropriate procurement procedures compliant with 2 CFR 200 for all projects awarded federal funding. The City may request a copy of the CHDO's procurement policy for any funding proposals.

HOW TO APPLY FOR CHDO CERTIFICATION

Although qualifying nonprofit organizations may apply at any time for CHDO status, the City will release the CHDO Certification Application and CHDO Recertification Application on a biannual basis. Application release will coincide with the release of the CDC Operating Support Funding Application. Nonprofit organizations applying for CHDO status and currently registered CHDOs must apply for CHDO status by the application due date in order to be eligible for CHDO operating support.

Organizations submitting their initial application or recertification for CHDO designation must include the following forms included as attachments: Nonprofits organizations applying for **CHDO Certification** must complete and submit the following forms, including all requested attachments and documentation:

- CHDO Certification Application
- Attachments Checklist
- Board Member Self-Certification of Low-Income Representation
- CHDO Board Certification

In addition to the aforementioned materials, **CHDOs applying for CHDO Recertification must also complete the Biannual CHDO Recertification Assessment. Nonprofits applying for initial CHDO certification must also complete the Organizational Capacity Assessment.**

Applicants have 30 days to respond to any request for additional information. If information is not received within 30 days, the CHDO certification application will be denied.

The City reserves the right to amend its CHDO policies and application process at any time.

Applications may be e-mailed to Joseph Malek (joseph.malek@cincinnati-oh.gov) or hand delivered to the address below:

**City of Cincinnati
Department of Community and Economic Development
Attention: Joseph Malek
Two Centennial Plaza, Suite 700
805 Central Avenue
Cincinnati, Ohio 45202**



COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) CERTIFICATION APPLICATION

select the appropriate classification:

- INITIAL APPLICATION
 RECERTIFICATION

Organization Name:		Tax ID Number:
Mailing Address (include physical address if different from mailing address):		
Contact Name / Title:		Organization President/CEO/Executive Director Name & Title:
Contact Phone Number and E-mail Address:		President/CEO/Executive Director Phone Number & E-mail Address:
Board President Name:		Board President Phone Number and E-mail Address:
CHDO-eligible activities that your organization has currently undertaken and/or plans to undertake in the upcoming 24 months:		
Service Area:		

I certify that the submission of this application has been approved by a two-thirds vote of the Board of Directors.

Board President Signature

Date



CHDO CERTIFICATION APPLICATION

Attachments Checklist

Please complete the applicant portion of this checklist. Include the requested information in the Attachments indicated and check-off the item in the checklist. Articles of Incorporation, By-Laws, Charters, Memorandums of Understanding, Contracts, Certifications and Resolutions must be signed and dated by the Board President or other authorized signor. Incomplete applications will not be considered.

LEGAL STATUS		DCED Use Only
A The nonprofit organization is organized under State or local laws. As Attachment A-1 , please provide a signed and dated copy of: _____ A Charter, -OR- _____ Articles of Incorporation As Attachment A-2 , please provide a Certificate of Good Standing from the Ohio Secretary of State's office. If the organization is newly created and has been in existence less than one year, a Certificate of Existence will suffice. Date of incorporation: _____	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
B No part of its net earnings inures to the benefit of any member, founder, contributor, or individual. As Attachment B , please provide and highlight the appropriate area in the following document: _____ A Charter, -OR- _____ Articles of Incorporation	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
C Has either a tax exemption ruling or conditional designation from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. As Attachment C , please provide complete copy of: _____ A 501(c) Certificate from the IRS, -OR- _____ Letter of conditional designation from the IRS	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	

LEGAL STATUS		DCED Use Only
D Has among its purposes the provision of decent housing that is affordable to low- and moderate-income people. As Attachment D , please provide and highlight the appropriate area in one of the following documents: _____ Charter _____ Articles of Incorporation _____ By-laws _____ Resolutions	Requirement Met?	<input type="checkbox"/> Yes <input type="checkbox"/> No
E Conforms to the financial accountability standards of 2 CFR 200. As Attachment E , please provide a copy of one of the following: _____ A notarized statement by the president or chief financial officer of the organization; _____ A certification from a Certified Public Accountant; -OR- _____ A HUD approved audit summary.	Requirement Met?	<input type="checkbox"/> Yes <input type="checkbox"/> No
CAPACITY/EXPERIENCE		
F Has a demonstrated capacity for carrying out activities assisted with HOME funds. As Attachment F , please provide the following: _____ Resumes and/or narrative that describes the experience of key staff and board members who have successfully completed HOME-funded projects similar to those to be undertaken as a CHDO.	Requirement Met?	<input type="checkbox"/> Yes <input type="checkbox"/> No

CAPACITY/EXPERIENCE		DCED Use Only
<p>G Has a history of serving the community(ies) where housing to be assisted with HOME funds will be produced.</p> <p>As Attachment G, provide one of the following:</p> <p>_____ Statement signed by the Board President that details at least one year of experience in serving each community for which Certification is sought,</p> <p>-OR-</p> <p>_____ For newly created organizations formed by local churches, service or community organizations, a statement signed by the Board President that details that its parent organization has at least one year of experience in serving each community for which Certification is sought.</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
ORGANIZATIONAL STRUCTURE		
<p>H 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.</p> <p>As Attachment H, highlight the relevant text in one of the following:</p> <p>_____ By-Laws</p> <p>_____ Charter</p> <p>_____ Articles of Incorporation</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>I Provides a formal process for low-income program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of all HOME-assisted affordable housing projects.</p> <p>As Attachment I, highlight the relevant text in one of following:</p> <p>_____ The organization's By-laws, -OR-</p> <p>_____ Resolutions, AND</p> <p>_____ A written statement of operating procedures approved and signed by the governing body.</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

ORGANIZATIONAL STRUCTURE		DCED Use Only
<p>J A CHDO may be chartered by a State or local government, however, no more than one-third of the governing board members may be public officials (including any employees of the City of Cincinnati) or appointed by public officials; and government-appointed board members may not, in turn, appoint any of the remaining board members.</p> <p>As Attachment J, highlight relevant text in one of the following which describes the process for selecting the remaining two-thirds of the board members:</p> <p>_____ By-Laws _____ Charter _____ Articles of Incorporation</p>	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>K Is the CHDO sponsored or created by a for-profit entity?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, the for-profit entity may not appoint more than one-third of the membership of the CHDO's board and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members.</p> <p>As Attachment K, highlight the relevant text in one of the following which describes the process for selecting the remaining two-thirds of the board members:</p> <p>_____ By-Laws _____ Charter _____ Articles of Incorporation</p>	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	

SPONSORSHIP/INDEPENDENCE		DCED Use Only
<p>L A CHDO must not be controlled nor receive directions from individuals or entities seeking profit from the organization.</p> <p>As Attachment L, highlight the relevant text in one of the following which describes the CHDO's relationship with individuals and for-profit entities:</p> <p>_____ By-Laws _____ Memorandum of Understanding (MOU)</p>	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	

SPONSORSHIP/INDEPENDENCE		DCED Use Only
<p>M Is the CHDO sponsored or created by a for-profit entity?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, a CHDO may be sponsored or created by a for-profit entity, however:</p> <p>(1) The for-profit entity's primary purpose does not include the development or management of housing. As Attachment M-1 provide: _____ The for-profit organization's By-Laws, AND;</p> <p>(2) The CHDO is free to contract for goods and services from vendor(s) of its own choosing. As Attachment M-2, highlight relevant text in the following CHDO: _____ By-Laws _____ Charter _____ Articles of Incorporation</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>N Is the CHDO sponsored by a religious organization?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, the CHDO must be a separate secular entity from the religious organization, with membership available to all persons, regardless or religion or membership criteria. as evidenced</p> <p>As Attachment N, highlight the relevant text in one of the following: _____ By-Laws _____ Charter _____ Articles of Incorporation</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
HOUSING AS A PRIMARY PURPOSE		DCED Use Only
<p>O Certification is available only to organizations that have a primary purpose to provide and develop affordable housing. Please provide as Attachment O, a copy of the following:</p> <p>_____ Copy of current fiscal year's full operating budget categorized by program</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

HOUSING AS A PRIMARY PURPOSE		DCED Use Only
P	<p>CHDOs are only eligible for CHDO Operating Expense funds if they are currently receiving CHDO set-aside funds or are expected to receive set-aside funds within 24 months. Please provide as Attachment P, a copy of the following:</p> <p>_____ Comprehensive Strategic Plan or narrative detailing CHDO-related production and community involvement goals for the upcoming 24 months.</p>	Requirement Met? <input type="checkbox"/> Yes <input type="checkbox"/> No
BOARD COMPOSITION AND EMPLOYEE EXPERIENCE		DCED Use Only
Q	<p>The Board and its low-income representatives must certify that it meets the low-income CHDO requirements. As Attachment Q, attach</p> <p>_____ Board Member Certification of Low-Income Representation (form attached), AND</p> <p>_____ Certification of Board Status (form attached)</p>	Requirement Met? <input type="checkbox"/> Yes <input type="checkbox"/> No
R	<p>_____ Do board members have professional skills directly relevant to housing development (e.g. real estate, legal, architecture, finance, management)? If so, as Attachment R, attach written documentation of each board member’s profession and relative experience.</p>	Requirement Met? <input type="checkbox"/> Yes <input type="checkbox"/> No
S	<p>All CHDOs, except those operating for their initial year, must have full time, experienced, paid employees. Please attach as Attachment S:</p> <p>_____ Three months of payroll records for at least one (1) employee with housing development experience.</p>	Requirement Met? <input type="checkbox"/> Yes <input type="checkbox"/> No

For DCED Use Only:

Approved **Disapproved**

CHDO Coordinator Signature: _____ **Date:** _____



ORGANIZATIONAL CAPACITY ASSESSMENT

(attach to *initial Application* for CHDO Certification)

CHDO Applicant: _____

Completed by: _____ Date: _____
(name and title)

Please provide **detailed** answers to the following questions regarding your organization's capacity to act in the role of a CHDO developer and to administer CHDO set-aside funds. Your responses to this assessment will be used in conjunction with the CHDO Certification Application to evaluate your organization's readiness and capacity to be a CHDO and will assist in the City's determination to award the CHDO designation.

Board of Directors

1. Has there been stability and continuity in the members of your organization's board of directors over the last several years? Please explain.

2. Does the board have a committee structure or other means of overseeing planning and development? Please describe.

3. Describe the relationship between the board of directors and the staff of your organization. Do the board and staff have shared goals?

Relationship/Service to the Community

- 4. Are the current housing development plans of your organization well-grounded in an understanding of current housing conditions, housing needs and market demand? Has your organization done any analyses of the local housing market and the housing needs of low-income households? Please describe.

- 5. How strong are the current reputation of your organization and the relationships with the communities it serves?

- 6. To what extent does NIMBY (not in my back yard) opposition exist to low-income housing in your organization’s service area? What mechanisms are utilized to negotiate with the community and potential opponents?

- 7. Does your organization have strong, favorable relationships with the local governments in your service area? How strongly do local governments and elected officials support your housing activities?

Financial Management

- 8. Does your organization undertake annual budgeting of operational and project/program activities? Are budget versus actual income and expenses tracked and reported? Please explain.

- 9. Does your organization maintain controls over expenditures? How regularly are cash flow problems experienced?

- 10. Explain the types and amounts of insurance carried by your organization (as applicable) for each of the following: liability, fidelity bond, workers compensation and property hazard.

- 11. Does your organization have a diversified and stable funding base for its operations? Do you have an established fundraising program for capital and operational needs? Please describe.

- 12. Does your organization have funds set aside for meeting the capital advance and/or pre-development needs of project development? Please describe the source and amount of funds available for capital advancement.

13. Are sufficient liquid assets available to cover your organization’s current expenses? What portion of your organization’s assets is liquid?

14. Describe the strength of your organization’s relationships with other housing funders and lenders.

Development Capacity

15. Describe the skills of key housing staff in the following areas:

- Market analysis
- Legal/financial aspects of housing development
- Management of real estate development
- Oversight of design and construction management
- Marketing and client intake
- Property management (if proposing rental activities)

16. Describe how CHDO status will increase/expand your organization’s ability to produce affordable housing and provide services to your service area?

17. Does your organization utilize the services of qualified consultants or other partners in your housing developments? Describe the training these third parties provide to your staff and board members to build their capacity.



BIANNUAL CHDO RECERTIFICATION ASSESSMENT

(attach to *CHDO Recertification Application*)



CHDO Applicant: _____

Completed by: _____ **Date:** _____
(name and title)

Please provide **detailed** answers to the following questions. Your responses to this assessment will be used in conjunction with the CHDO Certification Application to evaluate your organization's capacity and performance and will assist in the City's determination to recertify CHDO designation.

1. Is the CHDO currently administering a HOME-funded CHDO set-aside project? If so, does the service area of the current project comply with the CHDO's service area as defined in the bylaws?

2. Detail the affordable housing activities that have been accomplished or undertaken in the past year, including units assisted with CHDO proceeds (if applicable).

- ❖ How many units have been produced and/or households assisted? How many households were assisted with CHDO set-aside funds?

3. Describe the CHDO's low-income advisory process and the outreach performed to involve the low-income community in the CHDO's decision-making processes.

- * *Having low-income representatives on the board of directors or having "open" board meetings does not satisfy the requirements of the low-income advisory process. The low-income advisory process is designed to report the outreach efforts made by the CHDO to the low-income community and must be adhered to as outlined in the CHDO's bylaws.*

- ❖ How have the low-income residents and program beneficiaries in your service area been involved with the CHDO to advise on policies and procedures, program design, site location(s), development and management of affordable housing? Please provide specific examples.

- ❖ Are there any unique approaches you have taken to obtain feedback from the low-income residents such as the formation of neighborhood advisory councils, tenant committees, etc.?

- ❖ Discuss any challenges you have encountered in obtaining feedback from the low-income residents and what measures will be pursued to overcome these obstacles.

4. Describe any training or technical assistance that your board or staff members participated in that increased your capacity to develop affordable housing.

5. Please identify any technical assistance or training needs that your organization requires to increase your capacity to develop affordable housing.

6. Has CHDO status increased/expanded your organization's production of affordable housing and provision of services? How so?

**CHDO BOARD MEMBER
CERTIFICATION OF LOW-INCOME REPRESENTATION FORM**

Name:
Address:
City/State/Zip:
Email Address:
Organization's Name:

Check the **ONE** box that defines your status on the organization's Board of Trustees:

Member of a Low-Income Household *(enter your household size, county, and 80% AMI limit in the blanks below)*

I am a member of a household of ___ people residing in _____ County. The gross annual income for our household is less than _____, which is 80% of the area median income (for the same number of people in the household), in the county in which I live.

Resident of Low-Income Area *(enter the census tract in which you live in the blank below)*

I reside in census tract number _____, in which more than 50% of the households in that census tract had incomes less than 80% of the county area median income. **Census tract data must accompany this certification.**

Elected Representative of a Community Organization Serving People of Low Income

I am elected by the membership of an organization whose membership is open to all residents of a **DEFINED COMMUNITY**. This organization directly serves the community in which it is located. Examples include neighborhood watch group, food pantry, faith-based community outreach organization, community garden club or book club. In the community served, more than 50% of the households have incomes less than 80% of the county area median income. I serve on the CHDO Board primarily as a representative of that group.

- The group's name is _____
- The primary focus of the group is _____
- The census tracts served by the group are _____
- Select any one census tract in the Community Organization's service area to evaluate for low-income eligibility. I have evaluated Census Tract _____. **Census tract data must accompany this certification.**

Signature of Board Member _____ **Date** _____

Signature of Board President _____ **Date** _____

CHDO BOARD CERTIFICATION

CHDO Name: _____

Board of Directors

SELECT ONLY ONE
(Appropriate Documentation Must Be Provided)

	Current Board Member Name	County of Residence	Employer (If unemployed, indicate reason such as student, retired, disabled, etc.)	Low-Income Household (below 80% AMI)	Resident of a Low-Income Neighborhood (provide US Census tract data)	Elected Representative of a Low-Income Neighborhood Organization	Public Official or Employee	Private Sector	Term Expiration Date
1.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
11.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
12.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
14.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

I certify that this listing of current, participating board members is accurate.

Board President Signature

Date

CHDO BOARD CERTIFICATION

CHDO Name: _____

Board of Directors

SELECT ONLY ONE
(Appropriate Documentation Must Be Provided)

	Current Board Member Name	County of Residence	Employer (If unemployed, indicate reason such as student, retired, disabled, etc.)	Low-Income Household (below 80% AMI)	Resident of a Low-Income Neighborhood (provide US Census tract data)	Elected Representative of a Low-Income Neighborhood Organization	Public Official or Employee	Private Sector	Term Expiration Date
15.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
16.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
17.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
18.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
19.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
21.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
22.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
23.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
24.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
25.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
26.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
27.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
28.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

I certify that this listing of current, participating board members is accurate.

Board President Signature

Date