

**Hernando County  
Community Housing Development Organization  
Guidelines and Certification Application  
PY 2024**



**HEALTH & HUMAN SERVICES**

## **CHDO Definitions and Overview**

A Community Housing Development Organization (CHDO) is a private nonprofit, community-based service organization that has staff with the capacity to develop affordable for the community it serves.

A Participating Jurisdiction (PJ) is any state, local government or consortium that has been designated by HUD to administer a HOME Program. Hernando County is the PJ and the HOME Program is administered by the Housing & Supportive Services Department (HSS).

At a minimum each PJ must commit 15% of its HOME allocation to certain eligible activities to be undertaken by CHDOs. The CHDO set-aside provides equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs, and provide guaranteed resources for affordable housing development.

Please note that qualification is only one step in the overall funding process. PJs separately determine an agency's eligibility for the various benefits of being a CHDO. Just because an agency is qualified does not entitle it to any CHDO funding.

An agency must maintain and be able to certify its CHDO status for the entire life of a project. PJs will continue to require agencies to update CHDO documentation and certification when there are open CHDO projects, including rental projects within the required compliance period.

In addition, keep in mind that success as a CHDO developer is not determined by whether it has qualified as a CHDO, but whether it has the capability to undertake and manage housing development projects.

## **CHDO Qualifying Criteria**

A CHDO must meet certain requirements pertaining to its:

- Legal status
- Organizational structure
- Organizational capacity
- Staff experience

### **Legal Status**

Organized under state/local law: CHDO's must be organized under state and local law.

Purpose of organization: Provision of decent housing that is affordable to low- and moderate-income persons must be among the purposes of the organization. This commitment must be evidenced in the CHDO's:

- Charter
- Articles of incorporation
- By laws; or
- A resolution of the CHDO's board of directors.

No individual benefit: No part of the CHDO's earnings (profits) may benefit any members, founders, contributors or individuals.

Clearly defined service area: A CHDO must have a clearly defined geographic service area.

Nonprofit status: CHDOs must have received a tax-exempt ruling from the IRS under Section 501(c)(3) of the Internal Revenue Code of 1986 in order to be designated by the PJ as a CHDO. Permissible non-profit designations under HOME are:

- 501(c)(3) status – a charitable, non-profit corporation
- 501(c)(4) status – a community or civic organization
- Section 905 status – a subordinate organization of a 501(c)(3) organization.

## **Organizational Structure**

A CHDO is intended to respond to the community's needs. The structure of the board of directors of a CHDO is viewed as the main indicator of community control over the CHDO.

CHDO Board: The CHDO board must be composed as follows:

- At least one-third must be representatives of the low-income community
  - Low-income input: Input from the low-income community is not met solely by having low-income representation on the board
  - A CHDO must also provide a formal process for low-income beneficiaries to advise the CHDO on project needs. The process must be in writing and must be included in the organization's by-laws or adopted by board resolution
- No more than one-third may be representatives of the public sector (including any Employees of the PJ)
  - This limitation is intended to ensure that separation exists between PJs and CHDOs, and that CHDOs are indeed community-based and community-controlled organizations
- The balance of the board is unrestricted

## **Capacity and Experience**

Experience: A CHDO must demonstrate that it has at a minimum, one year of experience serving the community where it intends to develop HOME-assisted housing.

Newly created organizations, one year or less than one year 501(c)(3) status, wishing to become CHDOs can meet this requirement if the parent (or sponsoring) organization is a nonprofit and has provided services to the community for at least one year.

## **CHDO Qualification and Capacity Requirements**

- 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

CHDOs must demonstrate the capacity of its key staff to carry out the HOME assisted activities it is planning. This means that CHDOs must have:

- Experienced key staff who have successfully completed projects similar to those proposed by the CHDO; or
- A CHDO may assume the role of a developer of a proposed housing project utilizing HOME funds.

## **Eligible Uses of HOME funds by CHDOs**

- Acquisition/Rehab/Resale activities for rental housing or homeownership
- New construction of rental housing
- Housing Rehabilitation (Targeted Area Revitalization only)
- Acquisition New Construction of single-family housing for homeownership

## **Ineligible Uses of HOME Funds by CHDOS:**

- Tenant-based rental assistance (TBRA)
- Brokerage or real estate transactions

## **CHDO Eligibility Questionnaire**

CHDO certification applications will be accepted and reviewed once per fiscal year. Applications for certification will not be accepted throughout the year. After a review of the application by HSS, applicants will receive notification of the status of the request. HSS must receive all of the information outlined in the pages that follow for an organization to be considered for CHDO eligibility. All applications must be complete with all required supporting documentation.

## **Certification**

All of the information presented to be used for consideration of CHDO eligibility is true and correct to the best of my knowledge that I/my organization fully understands and agrees to the requirements of this program.

I/my organization further certifies that I/my organization has read, reviewed and understands HOME CHDO Final Rule as published by the U.S. Department of Housing and Urban Development, Office of Community Planning and Development, that can be found at the following link: <https://www.hudexchange.info/resource/3171/home-final-rule-chdo-roles-webcast/>

Organization: \_\_\_\_\_

Typed Name of Preparer: \_\_\_\_\_

Signature of Executive Director: \_\_\_\_\_ Date: \_\_\_\_\_

Typed Name of Executive Director: \_\_\_\_\_

Signature of Board President: \_\_\_\_\_ Date: \_\_\_\_\_

Typed Name of Board President: \_\_\_\_\_

## **Application Instructions**

Please respond appropriately to the questions below and provide any explanation necessary to assist HSS in its determination of CHDO eligibility. While brevity is appreciated, applicants should feel free to err on the side of providing too much information, rather than too little. Applicants must also provide the supplemental information requested at the end of this questionnaire. One original and one copy of all information must be provided. The application response should be placed in the order according to the application request, with a table of contents serving as the first page.

HSS must receive all of the information outlined in the pages that follow for an organization to be considered for CHDO eligibility. All applications must be complete with all required supporting documentation. Please note that this is an application for the CHDO certification of agencies, this is not for the review of any project.

Please check the appropriate response and provide on a separate sheet any explanation necessary to assist HSS in its determination of CHDO eligibility. Separate responses to the questions below should not be considered substitutes for the required narratives.

1. Is the organization charter as a private, non-profit corporation under state or any local laws?  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. Does the organization have among its purposes, as described in its articles of incorporation, charter, resolutions, or by-laws, activities related to the provision of decent safe and sanitary housing affordable to low- and moderate-income persons or households?  
Yes \_\_\_\_\_ No \_\_\_\_\_
3. Does any part of the organization's net earnings (profits) personally benefit any member, founder, contributor, or individual?  
Yes \_\_\_\_\_ No \_\_\_\_\_
4. Is the organization tax-exempt under 501(c) of the Internal Revenue code of 1986? (Organizations that have applied for but not yet received their 501(c) ruling do not meet this requirement) Please provide evidence that the organization has approval for an exemption.  
Yes \_\_\_\_\_ No \_\_\_\_\_  
When did the organization receive its tax-exempt status? Date: \_\_\_\_\_
5. Is at least two-thirds of the organization's governing board comprised of individuals who are acting in a private capacity (i.e. he/she is not legally bound to act on behalf of a public body and is not being paid by a public body while performing functions in connection with the non-profit organization)?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
Does a public body have the authority to appoint more than one-third of the members of the organization's board?  
Yes \_\_\_\_\_ No \_\_\_\_\_  
Is more than one-third of the organization's board comprised of public officials?  
Yes \_\_\_\_\_ No \_\_\_\_\_
6. Is the organization either controlled by, or under the direction of, individuals or entities, seeking to derive profit or gain from the organization?

Yes \_\_\_\_\_ No \_\_\_\_\_

If the answer above is "Yes", then:

- a. Is the entity's primary purpose the development or management of housing, real estate management, construction or development?  
Yes \_\_\_\_\_ No \_\_\_\_\_
- b. Does the entity appoint more than one-third of the organization's board?  
Yes \_\_\_\_\_ No \_\_\_\_\_
- c. Do these board members appointed by this entity appoint any of the remaining board members?  
Yes \_\_\_\_\_ No \_\_\_\_\_
- d. Is the organization free to contract with any vendor for goods and services?  
Yes \_\_\_\_\_ No \_\_\_\_\_

7. Does the organization's financial management system conform to 24 CFR 84.21 "Standards for Financial Management Systems?"

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Are the organization's activities limited to a geographically defined target area?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Is at least one-third of the organization's board comprised of low-income residents from the target/service area, or community or elected representatives of low-income neighborhood organizations?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Does the organization provide a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site, development, and management of affordable housing?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Does the organization have the demonstrated capacity (i.e. an experienced staff person(s) who has successfully completed similar projects or a consultant with successful experience and a plan to train appropriate staff members of the organization) to carry out HOME assisted activities?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has the organization or its parent organization served the target area/community that would receive HOME assistance for at least two years?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Is the organization primarily a religious organization, for example a church?

Yes \_\_\_\_\_ No \_\_\_\_\_

A service organization? Yes \_\_\_\_\_ No \_\_\_\_\_

A neighborhood organization? Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has your organization been certified as a CHDO by another Participating Jurisdiction?

Yes \_\_\_\_\_ No \_\_\_\_\_

What year was the organization certified? \_\_\_\_\_

**Provide the following information:**

- ✓ Copy of the organization's Charter (if applicable)
- ✓ Copy of the organization's Articles of Incorporation
- ✓ Copy of the organization's by-laws
- ✓ Copy of the organization's incorporation papers as filed with the Florida Secretary of State
- ✓ Describe, in detail, the formal process that allows low-income residents and program beneficiaries to advise the organization on decisions concerning the community revitalization occurring and management of affordable housing
- ✓ Copy of the organization's 501(c)(3) ruling as provided by the IRS
- ✓ Provide a list of current board members, showing each board member's name, address, and occupation. Please identify which board members are low or moderate-income residents (based upon the Area Median Income for the Metropolitan Area) or representatives of low-income neighborhood organizations. Provide a resume for each board members
- ✓ What does each board member contribute to housing initiatives? How will their experience or education help the organization successfully complete affordable housing projects and community initiatives?
- ✓ Statement describing the method used to select board members
- ✓ Copy of the organization's written financial policy showing the organization's financial management system conforms to the financial accountability standards of 24 CFR 84.21
- ✓ 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. (92.2 Community housing development organization). Provide proof of any HOME related training and education
- ✓ Statement describing the nature of community engagement, regular and open dialogue regarding the needs of the community, and participation and/or creation of resident associations for sustainability
- ✓ Statement describing the nature of the housing project(s) the organization plans to develop. This statement should include a description of the predevelopment activities undertaken, potential sources of financing, and any other information that will describe the organization's progress in pursuing the project
- ✓ Statement describing the organization's relationship with local government, businesses in the proposed service area, and other non-profit organizations.

Describe how these relationships, or partnerships, will help the organization meet its housing goals

- ✓ Describe the current capacity of the organization. The definition of capacity includes both human and financial resources
- ✓ A detailed statement that documents the specific services the organization has rendered in the proposed service area. Please note that the organization or its parent must have a minimum of one year of experience in serving the community that benefits from HOME funds and must provide proof (through executed HUD's and/or Certificates of Completion/Occupancy) that a minimum of two (2) housing units was developed
- ✓ Copy of the latest Federal 990 tax return
- ✓ The organization must submit its most recent financial statements audited within the past twelve months