

## APPENDIX Q

### COMMUNITY HOUSING DEVELOPMENT ORGANIZATION EXPERIENCE

#### PART 1- REQUIREMENTS

##### SECTION 1- GENERAL INFORMATION

###### 1.1 PURPOSE

Nonprofits must apply for and receive State HOME funds to receive CHDO certification in this Application round.

##### SECTION 2 – CHDO REQUIREMENTS

###### 2.1 CHDO DEFINITION

CHDO means a private nonprofit organization that meets the definition as specified in the HOME Final Rule, [24 CFR 92.2 “Community housing development organization”](#) as follows:

- (1) Is organized under State or local laws;
- (2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- (3) 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:
  - (i) 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.
  - (ii) 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;
  - (iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and
  - (iv) The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.
- (4) Is tax exempt as follows:
  - (i) The private nonprofit organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1));

(ii) The private nonprofit organization is a subordinate organization that has been included in its 501(c)(3) or (4) central organization's group exemption letter by the Internal Revenue Service; or

(iii) The private nonprofit organization is wholly owned by the community housing development organization, as defined in this part, and is disregarded as an entity separate from its owner organization for Federal tax purposes.

(5) Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a community housing development organization; however, no more than one-third of the board members of the organization may be officials or employees of the participating jurisdiction or governmental entity that created the community housing development organization. Further, no governmental entity may have the right to appoint more than one-third of the organization's board members. The board members appointed by a governmental entity and the board members that are officials or employees of the participating jurisdiction or governmental entity that created the organization may not appoint any of the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;

(6) Has standards of financial accountability that conform to [2 CFR 200.302](#), 'Financial Management' and [2 CFR 200.303](#), 'Internal Controls';

(7) 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;

(8) Maintains accountability to low-income community residents by:

(i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, low-income beneficiaries of HUD programs, or designees of low-income non-profit organizations in the community that address the housing or supportive service needs of low-income residents or residents of low-income neighborhoods, including homeless providers, Fair Housing Initiatives Program providers, Legal Aid, disability rights organizations, and victim service providers. For urban areas, "community" may be a neighborhood or neighborhoods, city, county, or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

(ii) 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;

(9) Has a demonstrated capacity for carrying out housing projects assisted with Federal funds, Low-Income Housing Tax Credits (26 U.S.C. 42), Federal Home Loan Bank Affordable Housing Program (12 U.S.C. 1430) or local and State affordable housing funds.

(i) To satisfy this requirement and demonstrate capacity as a developer of a HOME-assisted project, the nonprofit organization must have paid employees with housing development experience who will work directly on the HOME-assisted project. Where the paid employees of the organization do not demonstrate capacity to develop a HOME-assisted project alone, the experience of paid employees may be supplemented by board members or officers of the organization that are volunteers. If a nonprofit organization is demonstrating capacity using a volunteer board member's or officer's experience, the volunteer may not be compensated by or have their



Staff may request additional clarifying information to confirm the information submitted in the Exhibits. IFA reserves the right to verify information contained in the Exhibit and to discuss the Applicant's and Project qualifications. IFA also reserves the right to obtain and consider information from other sources concerning a CHDO and Project.

