

# CHDO Requirements Checklist

Before committing CHDO set-aside funds to an organization, the PJ must certify that the organization:

1. Meets the definition of a “community housing development organization” in §92.2;
2. Has a project eligible for the set-aside that the organization will own, develop, or sponsor in accordance with §92.300(a); and
3. Has paid staff with demonstrated experience appropriate to the role the organization will play for the project being funded.

Additionally, before committing funds for CHDO predevelopment loans under §92.301 or CHDO operating expenses under §92.208, the PJ must certify that the organization meets the definition of a “community housing development organization” in §92.2 and that other requirements, outlined in Sections 6 (predevelopment) and 7 (operating) below, have been satisfied.

CHDO Requirements	Rule Citation	Requirement satisfied & documented
<b>ORGANIZATIONAL REQUIREMENTS</b>		
<b>1. Legal structure</b>		
1.1. The organization is organized under state or local law.	§92.2 CHDO Definition ¶ (1)	<input type="checkbox"/>
1.2. The organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons.	§92.2 CHDO Definition ¶ (7)	<input type="checkbox"/>
1.3. The organization has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.	§92.2 CHDO Definition ¶ (2)	<input type="checkbox"/>
1.4. The organization is not under the control or direction by any individual or entity seeking to derive profit or gain.	§92.2 CHDO Definition ¶ (3)	<input type="checkbox"/>
1.5. The organization has one of the following IRS tax exempt statuses:  1.5.1. Exemption under 501(c)(3) or 501(c)(4); 1.5.2. Subordinate of a central nonprofit under IRC Section 905; or 1.5.3. A private nonprofit that is a wholly owned subsidiary of an organization that has 501(c)(3) or (c)(4) status and meets the CHDO definition.	§92.2 CHDO Definition ¶ (4)	<input type="checkbox"/>
1.6. The organization is not a governmental entity (any of the following: participating jurisdiction, other jurisdiction, Indian tribe, public housing agency, Indian housing authority, housing finance agency, or redevelopment authority).	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/>
<b>2. Independence</b>		
2.1. Public officials & employees of a governmental entity may comprise no more than 1/3 of the board.	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/>
2.2. Officers and employees of a governmental entity cannot be officers (e.g. CEO, CFO, or COO) or employees of a CHDO.	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/>

<b>CHDO Requirements</b>	<b>Rule Citation</b>	<b>Requirement satisfied &amp; documented</b>
2.3. If the organization was created by a governmental entity, then the governmental entity that created the organization may not appoint more than 1/3 of the board members and board members appointed by the governmental entity may not appoint remaining 2/3.	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/> Applicable
2.4. If the organization was created by a for-profit entity, then 2.4.1 through 2.4.4 apply:		<input type="checkbox"/> Applicable
2.4.1. The for-profit entity that sponsored or created the organization may not have as its primary purpose the development or management of housing, such as a builder, developer, or real estate management firm.	§92.2 CHDO Definition ¶ (3)(i)	<input type="checkbox"/>
2.4.2. The for-profit entity that created the organization may not appoint more than 1/3 board members, and for-profit-appointed members may not appoint remaining 2/3 of board.	§92.2 CHDO Definition ¶ (3)(ii)	<input type="checkbox"/>
2.4.3. Officers and employees of the for-profit entity that created the organization cannot be officers or employees of the CHDO.	§92.2 CHDO Definition ¶ (3)(iv)	<input type="checkbox"/>
2.4.4. The organization must be free to contract for goods & services with others.	§92.2 CHDO Definition ¶ (3)(iii)	<input type="checkbox"/>
<b>3. Accountability to the Low Income Community</b>		
3.1. The organization must have a designated service area (i.e. the “community” in which it produces housing). A community can be a neighborhood or neighborhoods, city, county, metropolitan area, or multi-county area (but not the entire State).	§92.2 CHDO Definition ¶ (8)(i)	<input type="checkbox"/>
3.2. At least 1/3 of the board members are: 1) low-income; 2) residents of a low-income neighborhood; or 3) elected representatives of a low-income neighborhood organization.	§92.2 CHDO Definition ¶ (8)(i)	<input type="checkbox"/>
3.3. The organization has a formally adopted process for low-income beneficiaries to advise it on decisions regarding design, siting, development, and management of housing.	§92.2 CHDO Definition ¶ (8)(ii)	<input type="checkbox"/>
3.4. The organization has at least 1 year of serving the community, or, if it is formed by local churches, service organizations, or neighborhood organizations, its parent organization meets this requirement.	§92.2 CHDO Definition ¶ (10)	<input type="checkbox"/>
<b>4. Capacity</b>		
4.1. The organization has financial management systems that conform to 2 CFR 200.302 and 200.303	§92.2 CHDO Definition ¶ (6)	<input type="checkbox"/>

CHDO Requirements	Rule Citation	Requirement satisfied & documented
4.2. The organization has paid employees with demonstrated experience relevant to the CHDO's role in undertaking the HOME activity to be funded. (Note: this does not include volunteers, board members, donated or shared staff, or consultants – except as described in 4.1.1. below.)	§92.2 CHDO Definition ¶ (9)	<input type="checkbox"/>
4.1.1. During the first year of an organization's funding as a CHDO only, capacity can be demonstrated through a contract with a consultant who has housing development experience to train appropriate key staff of the organization.	§92.2 CHDO Definition ¶ (9)	<input type="checkbox"/>
<b>CHDO ROLE</b>		
<b>5. CHDO set-aside project</b> CHDOs can undertake either homebuyer or rental projects, as described below, with CHDO set-aside funds:		<input type="checkbox"/> Applicable
5.1. Homebuyer projects in accordance with §92.254 To qualify under CHDO set-aside, must meet 5.1.1 and 5.1.2:		<input type="checkbox"/> Applicable
5.1.1. Developer: The organization is or will be the owner in fee simple and the developer of new or rehabilitated units for sale to low-income buyers	§92.300(a)(6)	<input type="checkbox"/>
5.1.2. The organization will control the development process including, at a minimum, arranging financing for the project and being in sole charge of construction.	§92.300(a)(6)(i)	<input type="checkbox"/>
5.2. Rental projects in accordance with §92.252 To qualify under CHDO set-aside, must meet one of the following:		<input type="checkbox"/> Applicable
5.2.1. Own: The organization is or will be owner in fee simple absolute (or will hold a long term ground lease) for at least the period of affordability. If project involves rehabilitation or construction, organization will <u>oversee</u> all aspects of development.	§92.300(a)(2)	<input type="checkbox"/>
5.2.2. Develop: The organization is or will be owner in fee simple absolute (or will hold a long term ground lease) for at least the period of affordability, and will <u>be in sole charge</u> of all aspects of the development process.	§92.300(a)(3)	<input type="checkbox"/>
5.2.3. Sponsor: Must meet one of the following:		<input type="checkbox"/> Applicable
5.2.3.1. The organization will own and develop project that it will convey at a predetermined time after completion to a designated private nonprofit (that was not created by a governmental entity).	§92.300(a)(5)	<input type="checkbox"/>

<b>CHDO Requirements</b>	<b>Rule Citation</b>	<b>Requirement satisfied &amp; documented</b>
5.2.3.2. The project will be owned and/or developed by an eligible CHDO affiliate, including: <ul style="list-style-type: none"> <li>• A wholly owned subsidiary of the CHDO; or</li> <li>• A limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner; or</li> <li>• A limited liability company of which the CHDO or its wholly owned subsidiary is the sole managing member.</li> </ul>	§92.300(a)(4)	<input type="checkbox"/>
<b>CHDO PREDEVELOPMENT</b>		
<b>6. CHDO pre-development loan</b> If a project specific pre-development loan is being provided, in addition to meeting CHDO qualification listed in Items 1 – 4 above and having a set-aside eligible project under Item 5, the predevelopment loan must designated as one of following two loan types:		<input type="checkbox"/> Applicable
6.1. TA/site control loan: The loan is for allowable costs specified in §92.301(a)(2) for planning an eligible set-aside project.	§92.301(a)	<input type="checkbox"/>
6.1.1. Document the environmental exemption under 24 CFR 58.34(a) and/or 58.35(b).	§92.352	<input type="checkbox"/>
6.2 Seed money loan: The loan is for allowable preconstruction costs specified in §92.301(b)(1) for planning an eligible set-aside project.	§92.301(b)	<input type="checkbox"/>
6.2.1 Document the environmental exemption under 24 CFR 58.34(a) and/or 58.35(b).	§92.352	<input type="checkbox"/>
<b>CHDO OPERATING</b>		
<b>7. CHDO operating expenses</b> If CHDO operating expenses are being provided, the organization must meet the CHDO qualification requirements listed in Items 1 – 4 above, or the organization must meet requirements in 1-3 and item 4.1 above and be receiving the operating funds specifically to hire staff to meet the requirements in 4.2 above.  In addition, the CHDO must meet the following requirements	§92.208(c)	<input type="checkbox"/> Applicable
7.1. The organization is funded from the set-aside for a project under development, or is reasonably expected to be funded from the CHDO set-aside within 24 months	§92.300(e)	<input type="checkbox"/>
7.2. The operating expense funds will be used for eligible operating costs that are reasonable and necessary	§92.208(a)	<input type="checkbox"/>
7.3. Operating expense funding (including from other PJs and any Pass-Through funding) in the fiscal year will not exceed the greater of \$50,000 or 50% of the organization's total operating expenses in that year	§92.300(f)	<input type="checkbox"/>

**CHDO CERTIFICATION**

**8. CHDO Certification**

- The organization meets **all** CHDO regulatory thresholds, **AND** one or more of the following:
  - The organization has a project meets the project eligibility requirements of 92.300 for a reservation of CHDO set-aside funds.
  - The organization has a project that qualifies for a pre-development loan for eligible costs under 92.301.
  - The organization qualifies for Operating Expenses.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

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