

Sumter County Regional HOME Consortium

**Community Housing Development
Organization (CHDO)
Policies and Procedures**

Adopted November 3, 2014

Revised August 22, 2016

Community Housing Development Organization (CHDO) Policies and Procedures Manual

As defined in 24 CFR Part 92.2. A Community Housing Development Organization (CHDO) is a private non-profit, community-based service organization that has significant capacity, and whose primary purpose is, to develop affordable housing for the community it serves.

HOME regulations require a 15% set-aside of the Sumter County Regional HOME Consortium (SCRHC) annual HOME allocation exclusively for qualified, eligible CHDO projects. Once an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside and financial support for a portion of the CHDO's operating expenses.

I. REQUIREMENTS FOR CHDO CERTIFICATION

In keeping with the U.S. Department of Housing and Urban Development (HUD), SCRHC has established eleven (11) criteria for becoming 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 or Mission.** Among its primary purposes, the organization must have the provision of providing 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. **Prohibition on 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 their 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 CHDO's service area to advise the CHDO in all of its decisions regarding the design, location, development and management of affordable housing projects.
9. **Capacity/Experience.** The key staff and board of directors must have demonstrated experience and capacity to carry out HOME-assisted projects in its service area. At least one paid staff member must have demonstrated development experience.
10. **Community Service.** Organizations applying for CHDO certification must have a minimum of one year of related experience serving the community where it intends to develop affordable housing.
11. **Financial Accountability Standards.** The organization must meet and adhere to the financial accountability standards as outlined in 24 CFR 84.21, "Standards for Financial Management Systems".

II. CHDO ORGANIZATIONAL STRUCTURE

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is representative of 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 CHDO board of directors, 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 does not necessarily need to 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 COC or the Commonwealth of South Carolina. 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 annual 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.

III. EXPERIENCE, CAPACITY AND FINANCIAL ACCOUNTABILITY REQUIREMENTS

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

Experience and Capacity

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

- A statement that documents at least one (1) year of experience serving the community.
- For newly created organizations, provide a statement that the parent organization (if applicable) has at least one (1) year experience serving the community.

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 in successfully completed projects similar to those proposed.

Requirements: SCRHC may not commit annual HOME funds to a CHDO for development activities unless SCRHC has determined that the CHDO has staff with demonstrated development experience. SCRHC must ensure that the current CHDO staff has experience developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being committed. CHDO staff is defined as paid employees responsible for the day-to-day operations of the CHDO. Staff does not include volunteers, board members, or consultants (with the exception of consultants engaged during a CHDO's first year of operation).

Paid Staff: A person whose salary, payroll taxes, and unemployment insurance are paid by the organization and from whom the organization withholds payroll and income taxes is considered paid staff. Paid staff may be full or part-time depending on the needs of the project.

Use of Consultants: During the first year of a CHDO's operation, a consultant may be used to meet the staff requirement. However, the consultant must also train staff in housing development and management to ensure capacity is established after the first year.

Applicability to SCRHC Activities: This requirement applies to all commitments of CHDO set-aside funds made from SCRHC's annual HOME allocation in which the CHDO is acting as the developer.

HUD Implementations: Any time SCRHC sub-grants HOME funds from its annual CHDO set-aside fund to a CHDO for a project, SCRHC will certify in IDIS that it has carefully evaluated the development capacity of the CHDO staff, and has determined that the CHDO staff has the knowledge, skills, and experience necessary to undertake eligible CHDO set-aside projects.

IV. FINANCIAL ACCOUNTABILITY

CHDOs must have financial accountability standards that conform to the requirements detailed in 24 CFR 82.21, "Standards for Financial Management Systems." 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 CPA.

V. CHDO Service Area

A CHDO must have a clearly defined geographic service area:

- For urban areas, a CHDO may include in its service area a neighborhood or neighborhoods, city, county, or metropolitan area.
- For rural areas, a CHDO may include in its service area a neighborhood or neighborhoods, town, village, county or multi-county area (but not the entire State).

Nonprofits serving special populations *must also* define the geographic boundaries of their service areas in order to qualify as CHDOs. All HOME funded projects must be located within the incorporated and unincorporated areas of the SCRHC.

CHDOs will be required to provide updates and documentation on how it is ensuring that it is active and visible in the communities included in its service area.

VI. CHDO SET-ASIDE

HOME requirements (24 CFR Part 92.300) require SCRHC to set aside at least 15% 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% 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.

While a CHDO may be sole owner and have another entity act as developer, 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.

CHDO AS A DEVELOPER

A CHDO is considered a developer when it either owns the property and develops the project or has the contractual obligation to a property owner to develop a project.

If the CHDO owns the property: The CHDO must obtain financing and rehabilitate or construct the project. For HOME-assisted rental housing the CHDO may maintain ownership and manage the project over the long term, or it may transfer the project to another entity for long-term ownership and management. For HOME-assisted homebuyer projects, the CHDO must transfer title to the property and the HOME obligations to an eligible homebuyer within a specified time frame of project completion.

If the CHDO does not own the property: The CHDO must be under a contractual obligation with the owner to obtain financing and rehabilitate or construct the project. Under this arrangement, the CHDO assumes all risks and rewards associated with being the project developer. A written agreement between the CHDO and the property owner must detail the CHDO's specific obligations. For HOME-assisted rental housing, the CHDO may manage the project for the owner at project completion. For homebuyer housing, the owner must transfer title of the property and the HOME obligations to eligible homebuyers within a specified timeframe of project completion.

If the CHDO develops the property for an owner pursuant to a written or other agreement: The CHDO is acting in the capacity of a subrecipient. CHDOs receiving funds as subrecipients cannot use the funds from the 15% set-aside for that particular project or service.

CHDO AS A SPONSOR

A CHDO may be a sponsor for both HOME-assisted rental housing and homebuyer housing. A CHDO sponsor must always own the project prior to and/or during the development phase of the project.

For HOME-assisted homebuyer projects: The CHDO is considered a sponsor when it owns a property and then transfers responsibility for the project to another nonprofit at a specified time in the development process. The second

nonprofit, in turn, transfers title, along with the HOME obligations and resale/recapture requirements, to a HOME-qualified homebuyer within a specified time frame. In this situation, the following requirements apply:

- The HOME funds must be invested in the property owned by the CHDO.
- The other nonprofit being sponsored by the CHDO must acquire the completed units or complete the rehabilitation or construction of the property.

Upon completion of the rehabilitation or construction, the sponsored nonprofit is required to sell (transfer) the property, along with the HOME loan/grant obligations, to a qualified homebuyer.

For HOME-assisted rental housing: The CHDO is considered a sponsor when it develops a project that it solely or partially owns and agrees to convey ownership to a second nonprofit organization at a predetermined time. The conveyance may occur prior to or during development or upon completion of the development of the project. In this situation, the following requirements apply:

- HOME funds must be invested in the project owned by the CHDO sponsor. The CHDO sponsor must identify the particular nonprofit organization that will obtain ownership of the property prior to SCRHC's commitment of HOME funds. The second nonprofit must assume all HOME obligations (including repayment of loans and tenant and rent requirements) for the project from the CHDO at a specified time. If the property is not transferred to the nonprofit organization, the CHDO sponsor will remain liable for the HOME obligations.
- The nonprofit organization must be financially and legally separate from the CHDO sponsor. (The second nonprofit may have been created by the CHDO; nevertheless it is a separate entity from the CHDO.) The CHDO must provide sufficient resources to the nonprofit organization to ensure the completion of the development and long-term operation of the project.

CHDO AS A DEVELOPER OR SPONSOR

The CHDO developer and sponsor roles are similar in many ways. In both roles, the CHDO carries 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 developer, the CHDO need not own the property. As sponsor, the CHDO must own the property and shift the responsibility to another nonprofit at a specified time in the development process. This transfer could occur, for example, at the:

- Initiation of the construction,
- Completion of the construction, or
- Issuance of the certificate of occupancy.

VII. 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;
- Direct financial assistance to purchasers of HOME-assisted housing developed by a CHDO with CHDO set-aside funds.

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

Ineligible CHDO Activities

Using the 15% set-aside, a CHDO may not undertake 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 sub recipients with non-CHDO 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.

VIII. OPERATING EXPENSES

From time to time, funds may be available to provide general operating assistance to CHDOs receiving or expected to receive CHDO set-aside funds for activities. When funds are available, certified CHDOs that are administering an eligible project funded from the CHDO set-aside may be eligible to receive funds to be used for operating expenses. SCRHC has the option of allocating up to 5% of its HOME allocation to provide funds for CHDO operating expenses. This allocation

does not count toward the required 15% CHDO set-aside funds that are to be used by CHDOs for projects. The amount of operating funds awarded will be based on the following factors:

- The total amount of HOME funds SCRHC has available to allocate for reimbursable CHDO operating expenses;
- The anticipated completion date of current CHDO set-aside project(s); and
- The CHDO's past performance as a CHDO developer.

Operating funds will be provided based on availability and the CHDO's demonstrated acceptable performance. Although the disbursement of CHDO operating funds is not tied directly to the drawdown of the CHDO project funds, SCRHC will reserve the right to delay disbursement of operating funds if it is evident that the CHDO project is experiencing excessive delays.

SCRHC 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.

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

- Salaries, wages, benefits, and other employee compensation
- Employee education, training and travel
- 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, SCRHC will periodically evaluate the performance of any CHDO wishing to receive CHDO operating funds.

IX. Progress Reporting

To document its performance and eligibility to receive operating funds, the CHDO must provide three quarterly progress reports coinciding with the quarterly draw requests for CHDO operating funds (the last progress report will be contained in the annual recertification). At its discretion, SCRHC may reduce the requirement to semi-annual progress reports (one mid-year report and the annual recertification). The CHDO must use the quarterly progress report form provided by SCRHC and describe the following:

- The status of the currently funded CHDO project.

- If the CHDO is not currently administering an eligible project, it must have a CHDO-eligible project in pre-development that will be submitted to SCRHC for funding within 12 months and be able to describe the intended project design and location. If the CHDO does not have an eligible project funded by SCRHC within that timeframe, operating support will not be awarded until an eligible project is funded.
- A detailed 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.
- An update on the CHDO's progress in meeting the specific goals outlined in its 2-year strategic plan, as submitted in the annual recertification.
- The community involvement and participation of the CHDO, particularly with the intended beneficiaries of its projects, as well as partner organizations and other entities involved in serving low- and moderate-income households.
- The activities and involvement of the board of directors in the planning and development of the CHDO's projects.
- The ongoing development of its staff and board of directors; i.e., trainings completed, certifications achieved, recognition awarded, etc.

X. 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.
- Provide a copy of its annual operating budget.
- Document that it has resolved any compliance findings on its SCRHC 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.

XI. CHDO PROCEEDS/PROGRAM INCOME

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 HOME regulations, *except in the event of repayment or recapture*. Therefore, CHDO proceeds have no federal identity and are not subject to lead-based paint requirements, the Davis-Bacon Act, Uniform Relocation Act, etc. Once CHDO proceeds are used, there is no further HOME requirements which must be met. **Funds generated from the use of CHDO proceeds are not CHDO proceeds.**

If a CHDO is acting as a subrecipient, the funds generated from HOME-assisted activities are program income and are subject to SCRHC program income requirements. In regard to administrative fees and CHDO proceeds, during the initial realization of CHDO proceeds, a CHDO may retain 10% for administrative costs. Thereafter, each time CHDO proceeds are realized, 20% may be retained for administrative purposes.

Unlike CHDO proceeds, program income earned for subrecipient projects 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, does not continue to be the principal residence of the HOME-assisted homebuyer for the full affordability period. No administrative fees may be retained on repaid or recaptured funds.

XII. CHDO PROCUREMENT

As noted in HUD CPD Notice 97-11, CHDO organizations are not subject to the requirements of 24 CFR, Part 84 in regard to the procurement of goods and services. This exemption is only applicable to procurement associated with CHDO-eligible projects; CHDOs must follow appropriate procurement procedures compliant with Part 84 for its projects completed as a subrecipient.

XIII. EFFECTIVE PERIOD OF CHDO CERTIFICATION/RECERTIFICATION

To ensure compliance with the HOME regulations, the Sumter County HOME Consortium staff must certify organizations as meeting the definition of “community housing development organization” (CHDO) and must document that the organization has capacity to own, develop, or sponsor housing each time it commits funds to the organization.

XIV. PROBATION/SUSPENSION

Should a Sumter County Regional HOME Consortium-approved CHDO fail to achieve its stated objectives in using funds provided through the HOME Consortium, SCRHC may place the CHDO on probation. CHDOs on probation may not apply for new funds from SCRHC until their probationary status is lifted. SCRHC will provide any CHDO identified for probation with opportunity to respond in writing prior to placement on probation. SCRHC will provide notice in writing to the CHDO of placement on probation, as well as any subsequent decisions taken regarding the CHDO’s probationary status.

The period of probation shall be determined by the SCRHC Board of Directors, and will be re-evaluated annually. The factors that will be used to consider removal of a CHDO from probation are:

1. Successful completion of any delinquent projects funded by SCRHC
2. Demonstrated changes in the CHDO’s policies or structure to address stated deficiencies.
3. Overall responsiveness of the CHDO to SCRHC.
4. Initiative taken to obtain technical assistance and training provided by HUD and/or SCRHC.

XV. HOW TO APPLY FOR CHDO CERTIFICATION

1. Complete the CHDO Certification Application, including all requested attachments, documentation and forms.
2. The application may be mailed, emailed or hand delivered to the address below.

Santee-Lynches Regional Council of Governments
ATTN: Economic and Community Sustainability Department
2525 Corporate Way, Suite 200
Sumter, SC 29154
kkelly@slcog.org
sdurden@slcog.org

3. The CHDO applicant has 30 days to respond to any request for additional information. If information is not received within 30 days, the CHDO certification application will not be processed for approval.

APPENDIX I:

CHDO and NON-PROFIT CERTIFICATION APPLICATION

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:

PLEASE DESCRIBE THE CHDO-ELIGIBLE ACTIVITIES YOUR ORGANIZATION PLANS TO UNDERTAKE AS A CHDO:

LIST EACH GEOGRAPHIC AREA TO BE CONSIDER FOR CHDO CERTIFICATION:

Locality

Locality

1.

4.

2.

5.

3.

6.

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

APPENDIX II:
CHDO & Non-Profit 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		SCRHC Use Only
<p>A The nonprofit organization is organized under State or local laws. As Attachment A-1, please provide a signed and dated copy of:</p> <p>_____A Charter, -OR- _____Articles of Incorporation</p> <p>As Attachment A-2, please provide a Certificate of Good Standing from the South Carolina 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.</p> <p>Date of incorporation: _____</p>	Requirement Met?	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>B No part of its net earnings inure to the benefit of any member, founder, contributor, or individual. As Attachment B, please provide and highlight the appropriate area in the following documents:</p> <p>_____A Charter, -OR- _____Articles of Incorporation</p>	Requirement Met?	
	Yes No <input type="checkbox"/> <input type="checkbox"/>	
<p>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:</p> <p>_____A 501(c) Certificate from the IRS, -OR- _____Letter of conditional designation from the IRS</p>	Requirement Met?	
	Yes No <input type="checkbox"/> <input type="checkbox"/>	

LEGAL STATUS		SCRHC 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 document: _____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 Attachment F of OMB Circular A-110, "Standards for Financial Management Systems. 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		SCRHC Use Only
<p>G Has a history of serving the community where HOME assisted housing 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		SCRHC Use Only	
<p>J A CHDO may be chartered by a State or local government, however, the State or local government may not appoint:</p> <p>(1) more than one-third of the membership of the organization's governing body;</p> <p>(2) the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and</p> <p>(3) no more than one-third of the governing board members are public officials.</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	
RELATIONSHIP WITH FOR-PROFIT ENTITIES			
<p>L Does the CHDO have a relationship with a for-profit entity?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, the CHDO cannot be controlled by, nor receive directions from, individuals or entities seeking profit from the organization. As Attachment L, highlight the relevant text and provide one of the following:</p> <p>_____The organization's By-laws, -OR- _____A Memorandum of Understanding (MOU).</p>	Requirement Met?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

RELATIONSHIP WITH FOR-PROFIT ENTITIES		SCRHC 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:</p> <p>_____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:</p> <p>_____By-Laws _____Charter _____Articles of Incorporation</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
	HOUSING AS PRIMARY PURPOSE	
<p>N Certification is available only to organizations whose primary purpose is to provide and develop affordable housing. Please provide as Attachment N, a copy of the following:</p> <p>_____ Copy of current fiscal year's full operating budget categorized by program, AND</p> <p>_____ Description of current and planned affordable housing activities.</p>	<p>Requirement Met?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

BOARD CERTIFICATION		SCRHC Use Only
O The Board and its low-income representatives must certify that it meets the low-income CHDO requirements. As Attachment O , attach _____ Certification of Low Income Representation (form attached), AND _____ Certification of Board Status	Requirement Met?	<input type="checkbox"/> Yes <input type="checkbox"/> No
P _____ Do board members have professional skills directly relevant to housing development (e.g. real estate, legal, architecture, finance, management)? If so, as Attachment P , attach written documentation of each board member's profession and relative experience.		<input type="checkbox"/> Yes <input type="checkbox"/> No

For SCRHC Use Only:

Approved Disapproved

CHDO Coordinator Signature: _____

Date: _____

CHDO Capacity Assessment
(Attach to CHDO & Non-Profit Certification Application)

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 SCRHC's determination to award the CHDO designation.*

Organizational Status

1. Can your organization provide a Certificate of Good Standing from the South Carolina Secretary of State's Office? If yes, please attach.

2. Has your organization produced a strategic plan that specifies an action plan for housing development? If yes, please attach.

Board of Directors

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

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

5. Describe the professional skills of the board members that are directly relevant to housing development (e.g., real estate, legal, architecture, finance, management).

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

Identity of Interest

7. Are there any identity of interest issues between your organization and any of the contractors, consultants or other professional service providers that are used for development activities that might constitute a real or perceived conflict of interest? Please explain.

Relationship/Service to the Community

8. Are the current housing development plans for 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.
9. How strong is the current reputation of your organization and the relationships with the communities it serves?
10. 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?
11. 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

12. Does your organization undertake annual budgeting of operational and project/program activities? Are budget versus actual income and expenses tracked and reported? Please explain.
13. Does your organization maintain controls over expenditures? How regularly are cash flow problems experienced?

14. Describe the internal controls your organization has in place to ensure separation of duties and safeguarding of assets.

15. Describe your organization's conflict of interest policy governing employees and board members regarding project development activities, particularly in procurement of contract services and the provision of housing assistance.

16. 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.

17. 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.

18. 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.

19. Are sufficient liquid assets available to cover your organization's current expenses? Please describe.

20. Describe the strength of your organization's relationships with other housing funders and lenders.

Development Capacity

21. 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)

22. 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.

Certification of Low-Income Representation

Board Member Name: _____

I certify that I am a current member in good standing of the governing board for

_____ (Name of the CHDO organization)

and that I represent the interests of low-income families in this organization's targeted service area. I have checked below the manner in which I meet the qualification as a low-income representative:

I qualify as a low-income resident under the HOME Program definition. The gross annual income of my household of _____ people is at or below 80% of the _____ area median income in the amount of \$ _____.
(Name of City or County) (80% AMI limit)

I live in a low-income area (where 51% or more of the households in my US Census tract have incomes at or below 80% of the median household income, as defined by HUD), which is part of the CHDO's targeted service area. My census tract is _____. **The Census tract data must accompany this certification.**
(Census tract number)

I am an elected representative of _____,
(Name of low-income neighborhood organization)
located within _____,
(Name of City or County)

which is part of the CHDO's targeted service area. **The meeting minutes and election roster that demonstrates the election of the member must be provided.**

If the board member is representing a low-income neighborhood organization, please attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO's board of directors.

By signing and dating this statement, I hereby certify that I meet the low-income representation characteristic checked above.

Board Member Signature

Date

Board President Signature

Date

CHDO & Non-Profit Annual Recertification

CHDO ORGANIZATION NAME: _____

SUBMITTED BY: _____

DATE SUBMITTED: _____

† *Items indicated with a “cross” symbol are reminders or helpful tips.*

1. Provide a listing of the CHDO board of directors, including the board member’s name, place of employment, and which sector he/she represents (i.e., public, private or low- income). Keep in mind the requirement that no more than one-third of the board may be comprised of public representatives and at least one-third of the board must be low- income representatives. **Using the form provided**, please include the listing of the board of directors as **Attachment A**.

† *Per a regulatory clarification from HUD, a local government employee, school board employee, etc. **does not** have to be counted as a public sector representative if he/she would otherwise qualify as a low-income representative.*

† *However, a board member who is employed by any branch or agency of state government is automatically considered a public representative, regardless of his/ her income level. Other types of public representatives include elected officials and board members appointed by a public official.*

2. For the low-income representatives on the board, provide supporting documentation of their eligibility to be a low-income representative. There are three ways a board member can be classified as a low-income representative:

❖ The board member’s gross household income is below 80% of the area median.

❖ The board member is an elected representative of a low-income neighborhood organization. (Refer to page 4 of the CHDO Certification Manual for further guidance).

❖ The board member is a resident of a low-income neighborhood (at least 51% of the residents of the census tract are below 80% area median income).

Using the form provided, please provide the appropriate low-income documentation as

Attachment B.

3. Identify the CHDO’s service area. Please ensure that the service area is the same as is identified in the CHDO bylaws.

4. 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?

5. 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 proceeds?

- ❖ Were HOME funds from the CHDO set-aside used in these activities and if so, how? (*Note: to be eligible, CHDO set-aside funds must be used during the construction phase; permanent financing only is ineligible.*)

6. 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.*

- ❖ In what ways was the low-income advisory process implemented in the past year and what were the results?

- ❖ 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 community 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.

7. Describe the Fair Housing activities that were undertaken by your organization during the past 12 months.

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

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

10. Provide a narrative detail of the CHDO's **two-year** strategic business plan.

- ❖ The business plan must be delineated by year, for the next two years. A new, updated document must be submitted with each recertification.

- ❖ It must contain specific, measurable goals regarding affordable housing unit production and number of households to be assisted, as well as other long-range organizational and community development goals of the CHDO.

- ❖ It must identify the funding sources anticipated to accomplish the stated goals. Include the two-year strategic business plan as **Attachment C**.

† *“Measurable” goals are ones to which the CHDO can hold itself accountable and easily determine at the end of the year whether or not the goal was accomplished.*