**INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY**

**APPLICATION FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) CERTIFICATION**

Last Updated: 11/19/19

**TABLE OF CONTENTS**

Overview of the CHDO Set-Aside Program…………………………………………………………..2

Benefits of Becoming a CHDO……………………………………………………………………………..2

Regulatory Requirements for CHDO Certification………………………………………………..2

Procurement Standards……………………………………………………………………………………...4

Fair Lease and Tenant Grievance Policy…………………………………………………………….…4

CHDO Roles………………………………………………………………………………………………………….4

CHDO Board Composition Requirements……………………………………………………………..5

How to Apply for CHDO Certification……………………………………………………………………8

Required Organizational Documents………………………………………………………….8

Organization & Key Contacts………………………………………………………………………9

Legal Status………………………………………………………………………………………………10

Capacity……………………………………………………………………………………………………11

Organizational Structure…………………………………………………………………………..12

Relationship with For-Profit Entities…………………………………………………………13

Appendix A – Community Involvement………………………………………………………………15

Appendix B – Certification Form for CHDO Board Members……………………………….16

Appendix C – Board Composition……………………………………………………………………….18

**OVERVIEW OF THE CHDO SET-ASIDE PROGRAM**

The HOME Investment Partnerships Program (HOME) was created under Title II of the

Cranston-Gonzalez National Affordable Housing Act of 1990. The Act’s objectives include (1) promoting partnerships among states, units of local government, and not-for-profit organizations, and (2) expanding the capacity of not-for-profit organizations to develop and manage safe, decent, and affordable housing. Indiana Housing and Community Development Authority (IHCDA) receives a yearly allocation of HOME funds from the U.S. Department of Housing and Urban Development (HUD) as a participating jurisdiction (PJ).

In order to achieve its objectives, the Act requires that PJs “set-aside“ a minimum of 15% of its annual HOME allocation exclusively for qualified, eligible CHDO projects. A Community Housing Development Organization (CHDO) is a private, community-based nonprofit organization whose primary purpose is to develop affordable housing for the community it serves. To be recognized as a CHDO, an organization must meet the requirements pertaining to their legal status, organizational structure, capacity, and experience as set forth in 24 CFR 92.2, and be certified by IHCDA as a CHDO.

**BENEFITS OF BECOMING A CHDO**

CHDO set-aside funds allow community-based organizations to build their capacity in order to serve a broad range of affordable housing needs. The CHDO may accomplish this with the acquisition, new construction, and/or rehabilitation of rental housing or homebuyer property. The CHDO must be the owner, developer, or sponsor of the affordable housing in the community or communities that they serve. If an organization becomes a certified CHDO it is eligible to take advantage of the HOME funds set-aside exclusively for CHDOs, as well as financing support for a portion of its operating expenses associated with CHDO projects. In addition, the CHDO will have access to predevelopment and seed money loans for subsequent HOME-CHDO projects.

**REGULATORY REQUIREMENTS FOR CHDO CERTIFICATION**

Organizations seeking CHDO certification must meet all of the following criteria, which are set forth by the U.S. Department of Housing and Urban Development in 24 CFR 92.2:

1. **LEGAL STATUS**
2. The organization must be organized under State or local laws.
3. No part of a CHDO’s net earnings may benefit any member, founder, contributor, or individual.
4. The 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.
5. The organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income individuals.
6. **CAPACITY**
7. The organization has standards of financial accountability that conform to 2 CFR 200.302, ‘Financial Management’ and 2 CFR 200.303, ‘Internal Controls’.
8. The organization has shown a demonstrated capacity for carrying out housing projects assisted with HOME funds. This requirement may be satisfied by having experienced key staff who have successfully completed past HOME-funded projects. This does not include volunteers or donated staff. For its first year of funding as a CHDO, an organization may satisfy this requirement through a contract with an experienced consultant to train key staff.
9. The CHDO has at least one paid employee with housing development experience. The employee must receive a W-2 from the organization.
10. The organization must have a history of serving the community in which the HOME-assisted affordable housing is to be located for at least one year.
11. The organization must have a clearly defined geographic service area.

**NOTE:** Under the HOME Program, for urban areas, the term “community” is defined as one of several neighborhoods, a city, county, or metropolitan area. For rural areas, community is defined as one or several neighborhoods, a town, village, county, or multi-county area (but **not** the whole state.)

1. **ORGANIZATIONAL STRUCTURE**
2. The CHDO cannot be a governmental entity and cannot be controlled by a governmental entity; however, an organization that is created by a governmental agency may qualify as a CHDO.
3. The CHDO can neither be controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization.
4. The CHDO must maintain accountability to low-income community residents by:

* Maintaining 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 organizations (see *CHDO Board Composition Requirements*) and,
* A formal advisory process that allows low-income program beneficiaries to contribute on decisions regarding the design, location, development, and management of affordable housing projects.

**PROCUREMENT STANDARDS**

The organization must have established written procedures for the procurement of supplies, equipment, services, etc., with Federal funds, which it will follow and which comply with the requirements of OMB Circular # A-110. In order to meet this requirement, the organization must compose and draft its own particular set of procurement procedures and submit them with its CHDO application package for independent review by the Real Estate Department staff. It is not sufficient for an organization to merely state that it will “meet the requirements of OMB # A-110,” nor to take the provisions of the circular itself as its procurement standards.

**FAIR LEASE AND TENANT GRIEVANCE POLICY**

CHDOs must adhere to a fair lease and grievance procedure approved by IHCDA and provide a plan for and follow a program of tenant participation in management decisions.

**CHDO ROLES**

In order to use CHDO set-aside funds, CHDOs must be owners, developers, or sponsors of a HOME-eligible project.

**CHDO AS AN OWNER**

The CHDO is an **owner** when it holds valid legal title in fee simple absolute or has a long-term ground lease during both the development and the affordability period. While the CHDO may not be responsible for the development activity itself, CHDO staff should have experience managing the work of contracted professionals to provide effective oversight to the contracted project manager/developer.

The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities. If it owns the project in partnership, the CHDO or its wholly owned nonprofit or for-profit subsidiary must be the managing general partner with effective control, or decision-making authority, of the project.

**CHDO AS A DEVELOPER**

A CHDO is a **developer** when it owns a property and develops a project. As developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs. The CHDO must solely own the property during the development and for a period at least equal to the period of affordability.

**CHDO AS A SPONSOR**

A CHDO may **sponsor** HOME-assisted rental projects only. HUD defines two types of CHDO “sponsorship”.

1. A CHDO “sponsors” rental housing when the property is “owned” or “developed” by a subsidy of the CHDO (which may be a for-profit or non-profit organization that is wholly owned by the CHDO); a limited partnership (in which the CHDO or its wholly owned subsidiary is the sole general partner); or a limited liability company (in which the CHDO or its wholly owned subsidiary must be the sole managing member).
2. The CHDO may develop a project that it solely owns and agrees to convey ownership to a second nonprofit organization at a predetermined time. The conveyance must take place after completion of the project development. The CHDO must always own the property prior to the development phase of the project.

**CHDO BOARD COMPOSITION REQUIREMENTS**

1. **ACCOUNTABILITY TO THE COMMUNITY**

CHDO’s must maintain *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.

1. **Low-Income Residents of the Community**

*Board members can be low-income residents of their community.* In order to qualify for this category, the member must be at or below 80% of the Area Median Income (AMI) for the County in which they reside. Please refer to the most recent AMI limits as posted through IHCDA’s [RED Notices](https://www.in.gov/ihcda/4054.htm).

The CHDO board need not include residents from each county in the CHDO’s proposed service area, but the board’s composition should in some fashion reasonably represent that service area.

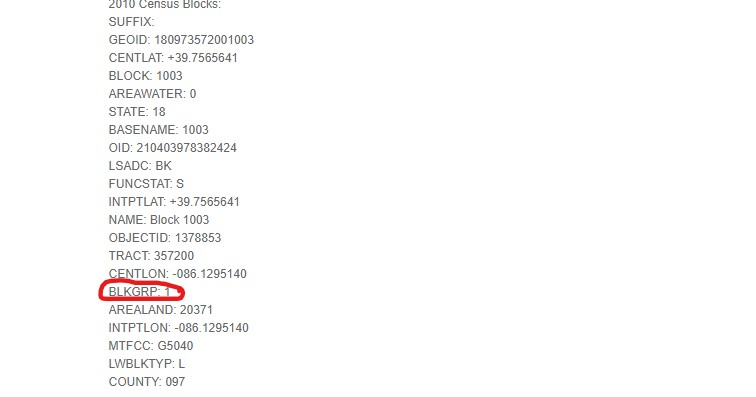
1. **Residents of a Low-Income Neighborhood**

*Board members can be residents of a low-income neighborhood in the community.* A low-income neighborhood is where 51% or more of the residents are low-income. Board members who reside in low-income neighborhoods *do not have to be low-income themselves.*

* Low-income neighborhoods can be determined based on census tract or block group. **In order to locate your census tract/ block group**:
* Go to: <https://geocoding.geo.census.gov/geocoder/geographies/address?form>
* Enter the board members address, city, state, and zip code. Do not modify the “Benchmark” or “Vintage” selections.
* Under “Census Blocks” you will find the Census Tract Number and Block Group:

Graphical user interface, text, application

Description automatically generated



* **In order to determine if your census tract qualifies:**
* Go to <https://www.ffiec.gov/census/default.aspx>
* Select Indiana, and click “Retrieve by County” or “MSA/MD”, whichever is applicable
* Select the county or MSA in which the Board Member lives and click “Get Census Demographic”
* Look up the census tract under “Tract Code” to determine Tract Income Level
* To qualify, the census tract must be low or moderate under “Tract Income Level”
* **In order to determine if your block group qualifies:**
* Go to IHCDA’s CHDO page [here](https://www.in.gov/ihcda/4081.htm).
* Scroll down to the “Block Group Data” link and open the file
* Select the County Tab at the bottom
* Look up the Census Tract and Block Group. If the “% of Low/Mod Income Persons” is at or above 51% the Block Troup qualifies. All qualified Block Groups are highlighted in yellow.

1. **Elected Representatives of Low-Income Neighborhood Organizations**

*Board members can be elected representatives of low-income neighborhood organizations.* The individual was elected by a low-income neighborhood organization to serve on the CHDO board. The organization must be primarily composed of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Examples of such groups are block or watch groups, neighborhood associations, neighborhood church groups and civic associations.

1. **PUBLIC SECTOR RESTRICTIONS**

No more than one-third of the CHDO’s governing board can be public officials, government employees, or an appointee of a governmental entity. **If an individual qualifies as both a low-income resident and a public sector representative, their role as a public sector representative *supersedes* their residence or low-income status.**

**NOTE**: Government entities can be any HOME participating jurisdiction (PJ), state or local government, Indian tribe, public housing agency, etc. A public official includes any individual who is an elected or appointed member of any government entity such as a city council member, a member of a local public housing authority board, etc.

**HOW TO APPLY FOR CHDO CERTIFICATION**

Prospective CHDOs should complete all sections of IHCDA’s Application for CHDO Certification and provide all required attachments below. *For any required attachment not being submitted, provide an explanation as to why the attachment is not applicable to your organization.*

The CHDO certification application is submitted in conjunction with a HOME application. At the time an organization receives certification from IHCDA as a CHDO, it is assessed on all of the eligibility criteria for funding under the HOME regulations. While CHDO certification is a prerequisite to receiving funds designated specifically for CHDOs, becoming eligible does not guarantee funding.

**Please note that all CHDO Board Member Certification Forms must have visible notarized seals.**

**CHDO regulations require certain organizational policies or documents be approved by the CHDO’s Board of Directors. For any item below that requires approval by the CHDO’s Board of Directors, please submit formal documentation (e.g. a board resolution or official board meeting minutes) documenting that the item in question has been approved by the organization’s Board of Directors.**

Applications should be submitted electronically. Please contact the Real Estate Department Coordinator to request the creation of a folder. The Real Estate Department Coordinator will then share that folder with the applicant and the applicant may then upload the application form and all other required documentation to the created folder.

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| REQUIRED ORGANIZATIONAL DOCUMENTS |
| Articles of Incorporation or Charter (*approved by Secretary of State*)  501(c)3 or 501(c)4 Tax Exempt Ruling from IRS or Group Exemption Letter  Organization’s By-Laws (*approved by Board of Directors*)  Memorandum of Understanding (MOU) (*if applicable*)  Copy of current annual budget and two most recent audited financial statements  Organization’s Procurement Standards  Organization’s Fair Lease and Tenant Grievance Policy (*approved by Board of Directors)*  Organization’s plan for involving tenants in management decisions  (*approved by Board of Directors*)  Notarized affidavit of compliance with the financial accountability standards of  2 CFR 200.302-.303, *Financial Management and Internal Controls*  Notarized Certification Forms for CHDO Board Members (**Appendix B)**  Resumes and/or statements that describe the experience of key staff members who  have successfully completed a homebuyer or rental housing project |

**NOTE:** If your organization is a subordinate of a central organization (not-for-profit) under Section 905 of the Internal Revenue Code, your group exemption letter from the IRS must be attached.

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| 1. ORGANIZATION & KEY CONTACTS | |
| Name of Organization: | |
| Mailing Address (include physical address if different from mailing address): | |
| Tax ID Number: | DUNS Number: |
| President/CEO/Executive Director: | President/CEO/Executive Director Email: |
| Board President: | Board President Email: |
| CHDO Contact: | CHDO Contact Email: |

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| 1. LEGAL STATUS |
| 1. The not-for-profit organization is organized under state or local laws as evidenced by:   Articles of Incorporation  Charter    Page # Click here to enter text. Paragraph # Click here to enter text. |
| 1. No part of the organization’s net earnings shall inure to the benefit of any member, founder, contributor, or individual, as evidenced by:   Articles of Incorporation  Charter  Page # Click here to enter text. Paragraph # Click here to enter text. |
| 1. The organization has proof of a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501 (c) of the Internal Revenue Code of 1986.   501(c)3 or 501(c)4 certificate from the IRS |
| 1. The organization has among its purposes the provision of decent housing that is affordable to low- and moderate-income individuals, as evidenced by a statement in the organization’s:   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text.  HUD Approved Audit Summary **or**  Resolution(s)    Page # Click here to enter text. Adoption Date: Click here to enter text. |

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| 1. CAPACITY |
| 1. The non-profit organization conforms to the financial accountability standards of 2 CFR 200.302-.303, *Financial Management and Internal Controls*, as evidenced by:   A notarized statement by the President/CEO/Executive Director or Chief Financial  Officer of the organization  A certification from a Certified Public Accountant |
| 1. Organization has demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by the following attachments:   Resumes and/or statements that describe the experience of key staff members who  have successfully completed a homebuyer or rental housing project |
| 1. Organization has a recent history of serving the community where the housing to be assisted with HOME funds will be used, as evidenced by one of the following attachments:   Statement that details and documents at least ONE year of experience in serving  the community (*See Appendix A*) **or**  For newly created organizations formed by local churches, or service or community  organizations, a statement that documents that its parent organization has at least  one year of experience serving the community |

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| 1. ORGANIZATIONAL STRUCTURE |
| 1. The non-profit organization 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, as evidenced by the organization’s:   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text. |
| 1. No more than one-third of the CHDO may be elected or appointed officials or employees of governmental entities, as evidenced by the organization’s:   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text. |
| 1. Organization 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, as evidenced by:   By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text.  Resolution(s) **or**  A written statement of operating procedures approved by the governing board  Adoption Date: Click here to enter text. |
| 1. A CHDO may be chartered by a State or local government. In this case the following restrictions apply: (1) The state government may not appoint more than one-third of the membership of the organization’s governing body; (2) the board members appointed by the state government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members are public officials. This is evidenced in the following document(s):   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text.  Not Applicable because this organization is not chartered by a unit of government |

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| 1. RELATIONSHIP WITH FOR-PROFIT ENTITIES |
| 1. Is the CHDO sponsored or created by a for-profit entity?   Yes  No  \*If the answer is yes, answer the following questions. If your organization is **NOT** sponsored or created by a for-profit entity, you may skip the remainder of this section. |
| 1. A CHDO may be sponsored or created by a for-profit entity. In this case the following restrictions apply: (1) The for-profit entity may not appoint more than one-third of the membership of the CHDO’s governing body; and (2) the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members. This is evidenced in the following document(s):   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text.  A Memorandum of Understanding (MOU) |
| 1. The for-profit entity’s primary purpose does NOT include the development or management of housing, as evidenced by the not-for-profit’s:   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text. |
| 1. The CHDO is free to contract for goods and services from vendors of its own choosing, as evidenced by the CHDO’s:   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text. |
| 1. The officers and employees of the for-profit entity cannot serve as officers or employees of the CHDO, as evidenced by the CHDO’s:   Articles of Incorporation  Charter  By-Laws  Page # Click here to enter text. Paragraph # Click here to enter text. |

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| I certify under State and Federal penalties for perjury and fraud that the information provided herein is true and accurate. I acknowledge that in accordance with 18 U.S.C. § 1001, the repayment of all assistance received by the organization from IHCDA or the payment of fines and/or imprisonment shall be incurred based on false, incomplete or misleading information contained in this application and/ or its attachments, or supporting documentation. |

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*Signature of President/CEO/Executive Director*  *Date*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Printed Name of President/CEO/Executive Director*

**APPENDIX A**

**COMMUNITY INVOLVEMENT**

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| CHDO Service Area |
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Using the chart below, clearly list completed or current activities undertaken and/or services provided by the CHDO applicant (or parent organization) during the **last 12 months** showing service to the community or communities within the proposed CHDO Service Area.

|  |  |
| --- | --- |
| Description of Activity or Service | Applicable County(ies) |
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This document **must** be signed by the President/CEO/Executive Director of the organization or by a HUD approved representative.

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*Signature of President/CEO/Executive Director Date*

**APPENDIX B**

**CERTIFICATION FORM FOR CHDO BOARD MEMBERS**

\*A form must be completed for **each** Board Member

|  |  |
| --- | --- |
| Name: | |
| Employer/Job Title: | |
| Primary Residence Address: | |
| County: | Email: |

Please check and complete only **one** of the following:

**Public Official or Employee**

I am an elected official; ***or*** an employee of a governmental entity or an instrumentality of; ***or*** appointed by a public official to serve on the board.

*\*The person who checks this box* ***cannot*** *also qualify as a low-income representative, even if he or she meets the qualifying criteria.*

**Member of Low-Income Household**

The number of people who reside in my household is Click here to enter text. Our combined total expected income for a household of this size is less than 80% of the area median income in the county in which I live.

**Resident of Low-Income Area**

I reside in a low-income area (where 51% or more of the households in my U.S. Census tract have incomes at or below 80% of the median household income, as defined by HUD). My census tract or block group number is Click here to enter text.

\**The person who checks this box does* ***not*** *have to be low-income themselves.*

**Elected Representative of a Low-Income Neighborhood Organization**

I am an elected representative of a low-income neighborhood organization whose primary purpose is to serve the interests of the neighborhood residents.

The name of the organization is: Click here to enter text.

The primary focus of the organization is: Click here to enter text.

The census tract(s) served by the group are: Click here to enter text.

**I do not fall into any of the above listed categories**

|  |
| --- |
| I certify that the above information is true and accurate as of the date of my signature below, and that supporting documentation can be provided upon request. If my status changes at any time during my tenure on the board, I will immediately notify the President/CEO/Executive Director in writing. Additionally, I understand that this information is subject to verification by authorized government officials. |

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*Signature of Board Member*  *Date*

STATE OF INDIANA ) )

COUNTY OF \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

Subscribed to and sworn before me, a Notary Public, in and for the said County and State, on the \_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Signature of Notary Public*

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*Printed Name of Notary Public*

**APPENDIX C**

**BOARD COMPOSITION**

Select only **one** category below for each Board Member. If a board member is a public official or government employee, that member cannot be counted as a low-income representative. (*If the organization’s board exceeds ten members, additional copies may be attached.*)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Board Member Name** | **Employer/Job Title** | **Low-Income Household** | **Resident of a Low-Income Neighborhood** | **Elected Representative of a Low-Income Neighborhood Organization** | **Public Official, Appointee, or Government Employee** | **Private Sector** |
| 1. |  |  |  |  |  |  |  |
| 2. |  |  |  |  |  |  |  |
| 3. |  |  |  |  |  |  |  |
| 4. |  |  |  |  |  |  |  |
| 5. |  |  |  |  |  |  |  |
| 6. |  |  |  |  |  |  |  |
| 7. |  |  |  |  |  |  |  |
| 8. |  |  |  |  |  |  |  |
| 9. |  |  |  |  |  |  |  |
| 10. |  |  |  |  |  |  |  |

I certify that the above listing of current, participating Board Members is accurate.

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*Signature of CEO/President/Executive Director Date*