

A Community Housing Development Organization (CHDO) is a specially formed non-profit corporation established pursuant to federal regulations. This application is intended to be utilized solely for applicants seeking to be “certified” by Pinal County (County) as meeting applicable federal regulations for the purpose of eligibility to apply for CHDO set aside funding administered by Pinal County.

CHDO certification is not a requirement for accessing County HOME funds, but is a prerequisite to receiving funds designed and specifically set aside for CHDOs.

### **CHDO REGULATIONS – 24 CFR Part 92.2**

Pursuant to the federal regulations which govern the HOME program, as stated at 24 CFR Part 92.2, to be certified as a CHDO, a private non-profit organization must:

1. Be organized under all applicable laws of the State of Arizona;
2. Have no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Be neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, but:
  - a. 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.
  - b. 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;
  - c. The CHDO must be free to contract for goods and services from vendors of its own choosing; and
  - d. The officers and employees of the for-profit entity may not be officers or employees of the CHDO.
4. Have 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); is classified as a subordinate of a central non-profit organization under section 905 of the Internal Revenue Code of 1986; or if the private nonprofit organization is an wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner 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 and meets the definition of a CHDO;



## Community Housing Development Organization (CHDO) Application

5. Not be a governmental entity and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of a governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a CHDO;
6. Have standards of financial accountability that conform to 24 CFR 84.21 "Standards for Financial Management Systems";
7. Have among its purposes the provision of decent housing that is affordable to low- and moderate- income persons, as evidenced by its charter, articles of incorporation, resolutions, or by-laws;
8. Maintain accountability to low-income community residents by:
  - a. 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 neighborhood organizations. 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; and
  - b. Providing a formal process for low-income, program beneficiaries to advise the organization in its decisions regarding the design, site, development, and management of affordable housing;
9. Have a demonstrated capacity for carrying out activities assisted with HOME funds, including paid staff with housing development experience. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a CHDO, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of 24 CFR §92.300(a)(2). A non-profit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization;
10. Have a history of serving the community within which the housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement

by demonstrating that its parent organization has at least one year of serving the community.

## DEFINITIONS

In order to use CHDO set aside funds, CHDO's must be **owners, developers, or sponsors** of HOME assisted housing.

1. A CHDO is an **owner** when it holds valid legal title or has a long-term leasehold interest in a rental property. The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities.

While the CHDO may be solely the owner, with another entity acting as a developer, it may 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 must be the managing general partner with effective control (in decision-making authority) of the project.

2. A CHDO is a **developer** when it:
  - a. Owns a property and develops a project, or has a contractual obligation to a property owner to develop a project; and
  - b. Performs all the functions typically expected of for-profit developers, and assumes all the risks and rewards associated with being the project developer.
3. A CHDO is a **sponsor** for HOME assisted rental or homebuyer according to the circumstances outlined below. In either case, the CHDO must always own the property prior to the development phase of the project.
  - a. For rental housing: The CHDO develops a project that it solely or partially owned and agrees to convey ownership to a second non-profit organization at a predetermined time. The conveyance may take place prior to, during, or upon completion of the development phase. The second non-profit will assume from the CHDO at a specified time all HOME obligations (including repayment of loans and tenant and rent requirements) for the project. If the property is not transferred to the second non-profit organization, the CHDO sponsor will remain liable for the HOME obligations. The second non-profit organization must be financially and legally separate from the CHDO sponsor.
  - b. For homebuyer's program: The CHDO owns a property, then shifts responsibility for the project to another non-profit at some specified time in the development process. The second non-profit in turn transfers title, along with the HOME loan/grant obligations and resale requirements, to a HOME qualified homebuyer within a specified timeframe.

### CHDO APPLICATION CHECKLIST

Please provide the following documentation necessary to establish CHDO certification:

- Articles of Incorporation or Charter: Include a copy of the agency's Charter or Articles of Incorporation.
- Proof of Non-profit Status: A copy of the 501(c) ruling from the Internal Revenue Service.
- Agency By-Laws: Include a copy of the Agency's By-Laws
- Agency Audit and Management Letter: Include a copy of the agency's most recent audit, including a copy of the Management Letter.
- Financial Accountability Statement or HUD approved audit summary: A statement from a Certified Public Accountant or a notarized statement by the president or CEO that certifies that the agency meets financial accountability requirements as outlined in the application form, or a HUD approved audit summary.
- Staff Resumes: Current resumes of key staff members that demonstrate capacity for carrying out housing development projects OR contract(s) with consulting firms who have experience carrying out housing development projects to train key staff of the organization.
- Board Resolutions: If any resolutions were passed in order to meet the CHDO Certification Regulations, include a copy of the applicable resolution.
- Community Service Experience: A statement that shows the agency has a history of serving the community where the housing to be assisted with HOME funds is to be located.
- Development Project Experience: Provide a written narrative outlining all development project experience. Describe all development projects completed to date, including: a description of the project(s), location(s), number of units, type of housing, population served, financing sources, and any ongoing property management involvement in the project.
- Low income board representative certifications: Complete a copy of the certification form for each low income representative on the board.

**CHDO APPLICATION**

Organization Name:

Contact Person:

Phone:

Title:

Email:

Street Address:

City/State & Zip:

Board Composition: Attach additional page as necessary.				
	Name	Board Position	Low-income Representative*	Public Official
1.			<input type="checkbox"/>	<input type="checkbox"/>
2.			<input type="checkbox"/>	<input type="checkbox"/>
3.			<input type="checkbox"/>	<input type="checkbox"/>
4.			<input type="checkbox"/>	<input type="checkbox"/>
5.			<input type="checkbox"/>	<input type="checkbox"/>
6.			<input type="checkbox"/>	<input type="checkbox"/>
7.			<input type="checkbox"/>	<input type="checkbox"/>
8.			<input type="checkbox"/>	<input type="checkbox"/>
9.			<input type="checkbox"/>	<input type="checkbox"/>
10.			<input type="checkbox"/>	<input type="checkbox"/>
11.			<input type="checkbox"/>	<input type="checkbox"/>
12.			<input type="checkbox"/>	<input type="checkbox"/>
13.			<input type="checkbox"/>	<input type="checkbox"/>
14.			<input type="checkbox"/>	<input type="checkbox"/>
15.			<input type="checkbox"/>	<input type="checkbox"/>
16.			<input type="checkbox"/>	<input type="checkbox"/>
17.			<input type="checkbox"/>	<input type="checkbox"/>
18.			<input type="checkbox"/>	<input type="checkbox"/>
19.			<input type="checkbox"/>	<input type="checkbox"/>
20.			<input type="checkbox"/>	<input type="checkbox"/>

\*Certification Required

Annual Operating Budget:

Major Sources of Ongoing Operating Funds:
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**Community Housing Development Organization (CHDO) Application**

Source	State	Federal	Other: List	Amount
	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		
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	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>	<input type="checkbox"/>		

Defined Service Area:

Is the Executive Director experienced in the CHDO activity for which you intend to exercise a CHDO designation? Yes  No

Are others on staff experienced in the CHDO activity for which you intend to use a CHDO designation? Yes  No

If staff is not experienced in housing development, has a qualified consultant been hired to train employees of the CHDO in HOME development activities during the first year of operation as a CHDO? Yes  No  N/A

Number of full-time employees: Professional: Support:

Parent Organization, if applicable:

IRS Tax Status (check one): 501(c)3  501(c)4  905 subordinate

Date of Incorporation:

Please submit the following with your application packet:

1. CHDO Application Checklist with requested documents included
2. CHDO Application
3. Certification Form of Low-Income Status for CHDO Board Members

Submit completed application packet and supporting documentation to grants@pinal.gov

For questions regarding this application or the CHDO certification process, please email grants@pinal.gov

**CERTIFICATION FORM OF LOW-INCOME STATUS FOR CHDO BOARD MEMBERS**

A FORM MUST BE COMPLETED FOR EACH Board Member listed as one of the Low-Income Representatives

Name: \_\_\_\_\_

Home Phone Number: \_\_\_\_\_

Street Address: \_\_\_\_\_

City/State & Zip: \_\_\_\_\_

Please check one:

I certify I have reviewed HUD's definition of low-income for the area and I qualify to represent the low-income community because my income is at or below 80% of the area median income adjusted for family size.

Name of Employer: \_\_\_\_\_ Phone: \_\_\_\_\_

Annual Income: \_\_\_\_\_ Number in Household: \_\_\_\_\_

I certify I am a representative of a low-income neighborhood organization (cannot be the CHDO Organization).

I certify I am a resident of a neighborhood designated as low-income because more than 51% of the residents of the neighborhood have incomes below 80% of the area median income adjusted for family size.

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Signature of Board Member

Date