



**Application for
Community Housing Development
Organization (CHDO)
Certification**

2014-2015

**City of Colorado Springs – Housing Development Division
30 S. Nevada Avenue, Suite 604
Colorado Springs, CO 80903
Telephone:719.385.5608
Fax:719.385.5475**

NOTE: To receive CHDO set-aside funding, the organization must be certified as a CHDO. A new application for CHDO certification must be submitted to the Housing Development Division with each application for any annual CHDO set-aside. If all requirements are met, the applicant will be certified as a CHDO upon the award of HOME funds by the Division. Certified CHDOs are eligible to receive a CHDO Operating Grant.

Purpose

The purpose of this certification is to determine if an organization qualifies under the guidelines established by HUD as a Community Housing Development Organization (CHDO) pursuant to Subpart A Section 92.2 of the HOME Final Rule (24 CFR 92).

Organizations that apply to the Housing Development Division (HDD) for HOME funding under the CHDO Set-Aside must be certified prior to any commitment of funding. Information obtained from this certification request package will be used only to determine an organization's eligibility as a CHDO and is not an approval for funding.

This application has been updated to reflect the capacity and experience requirements of the 2013 HOME Appropriation Act and 2013 HOME Final Rule. Per the 2013 requirements, to qualify as a CHDO, an organization must now have paid staff and demonstrate capacity and experience that applies to the specific project for which it is applying for CHDO status.

HOME

The National Affordable Housing Act of 1990 (the Act) created the HOME Investment Partnerships Program (HOME). The Act's objectives include promoting partnerships between states, local governments and nonprofit organizations and increasing the capacity of nonprofit organizations to develop and manage affordable housing.

Community Housing Development Organization (CHDO)

A CHDO is a private non-profit, community-based organization with the mission, experience and capacity to develop affordable housing. Certified CHDOs must own, develop and/or sponsor affordable housing within the city limits of Colorado Springs. Certification criteria include legal status of the organization, its capacity and experience, organizational structure and geographic service area.

Organizational Requirements

Legal Status

- CHDO must be organized under state law
- CHDO has no part of its net earnings inuring to the benefit of any member, founder, contributor or individual
- CHDO must have non-profit status under 501(c)(3) or (4) of the IRS, be a subordinate of a central nonprofit under IRC Section 905, or wholly owned subsidiary of an organization that has 501(c)(3) or (4) status and meets the CHDO definition
- One of the purposes of the organization must be the provision of decent housing that is affordable to low- and moderate-income persons
- CHDO is not a governmental agency

Capacity and Experience

- CHDO must have financial management systems that meet the criteria outlined in 24 CFR 84.21. The most recent version of required financial management systems are located in OMB Circulars A-110 (24 CFR 84) and A-133 and may be obtained at <http://www.whitehouse.gov/omb/circulars>
- CHDO must have at least one year of experience serving the community or if newly formed, its parent organization must meet this requirement.

- CHDO must show that its key staff members have the demonstrated experience relevant to the CHDO's role in undertaking the HOME activity to be funded. *This does not include volunteers, board members, donated or shared staff, or consultants. Exception: During the first year of an organization's participation 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.*
- CHDO must have completed at least one CHDO-eligible development in the past two years. Eligible developments are acquisition and/or rehabilitation of rental housing; construction of new rental housing; acquisition and/or rehabilitation of property for home ownership; and new construction for home ownership

Organization and Structure

- At least one-third of the CHDO's board consists of representatives of the low-income community. These members can be:
 - Low-income
 - Residents of a low-income neighborhood as defined by the City (resident does not have to be low-income)
 - Elected representatives of a low-income neighborhood

These board members must self-certify annually.

- CHDO must also involve low- and moderate-income program beneficiaries in affordable housing project design, siting, development and management of housing. *This is in addition to serving on the board of directors.* The involvement can include neighborhood meetings, design charrettes, surveys, etc.
- If the organization was created by a governmental entity, then
 - No more than one-third can be representatives of the public sector and public-appointed members may not appoint the remaining 2/3
 - Officers and employees of a governmental entity cannot be officers or employees of a CHDO
- If the organization was created by a for-profit entity, then
 - The for-profit entity that created the organization may not be a housing builder, developer or manager
 - The for-profit entity that created the organization may not appoint more than 1/3 of the board members and for-profit-appointed members may not appoint the remaining 2/3 of the board
 - Officers and employees of the for-profit entity that created the organization cannot be officers or employees of the CHDO
 - The organization must be free to contract for goods and services with others

Geographic Service Area

- CHDO must have a clearly defined geographic service area

CHDO Roles

CHDO as a Developer

A CHDO is a developer when it either owns a property and develops a project or has a contract with a property owner to develop a project. The CHDO must perform all the functions usually expected of for-profit developers.

- Rental Housing: The organization is or will be owner in fee simple absolute (or will hold a ground lease) for at least the affordability period and will solely be in charge of all aspects of

the development process.

- Homeownership: 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.

CHDO as an Owner

- Rental Housing: A CHDO is an owner when it has valid title or a long term leasehold interest (for at least the affordability period). If the project involves rehabilitation or construction, the organization will oversee all aspects of development. A CHDO can own a rental property with other legal entities (including, but not limited to, individuals, corporations and partnerships). 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 (i.e., decision making authority) of the project. The CHDO may be both owner and developer or may have another entity as the developer.

CHDO as a Sponsor

A CHDO may be a sponsor for either a rental or home ownership project. When a CHDO is a sponsor it must always own the property prior to the development phase of the project.

- Rental Housing
 1. The organization develops a project that the CHDO solely or partially owns and agrees to convey ownership to a designated nonprofit (that was not created by a governmental entity) at a predetermined time prior to or during development or upon completion of the development of the project; or
 2. The project will be owned and/or developed by an eligible CHDO affiliate, including
 - A wholly owned subsidiary of the CHDO; or
 - A limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner; or
 - A limited liability company of which the CHDO or its wholly owned subsidiary is the sole managing member
- Home Ownership: The CHDO owns a property and transfers responsibility for the development to another nonprofit organization at a specified time in the development process. The second nonprofit transfers title to the property and HOME obligations to qualified home buyers within a specified time frame.

CHDO Set-Aside

HOME requires that participating jurisdictions set aside at least 15% of their annual HOME allocation of funds for housing that is developed, owned or sponsored by CHDOs. Nonprofits that do not meet CHDO criteria can receive HOME funding for projects they develop, own or sponsor that do not count towards the CHDO set-aside.

Eligible CHDO Set-Aside Activities

- Acquisition and/or rehabilitation of rental housing
- New construction of rental housing
- Acquisition and/or rehabilitation of properties for home ownership
- New construction for home ownership

Ineligible CHDO Set-Aside Activities

- Tenant-based rental assistance
- Rehabilitation of owner-occupied properties
- Direct home buyer assistance for existing housing (not developed, owned or sponsored by

the CHDO)

Process for HDD CHDO Certification

The following is the process to obtain HDD CHDO certification:

1. Complete the CHDO application and provide the required supporting materials
2. Submit the completed application and materials to the Housing Development Division according to the instructions on the application below.
3. Generally, staff will be able to review the material within 2 weeks of receiving it.
4. HDD will notify the organization in writing if it has been certified as a CHDO.
5. If the organization does not complete or does not meet the requirements for CHDO certification, a letter will be sent to the organization which describes what it must do to meet the certification criteria.
6. Once an organization is certified as a CHDO, the CHDO is then eligible to apply for a CHDO Operating Grant.

Application Submittal Checklist

- | | |
|---|--|
| <input type="checkbox"/> Charter | <input type="checkbox"/> List of CHDO-eligible activities completed in last 2 years |
| <input type="checkbox"/> Articles of Incorporation | <input type="checkbox"/> Current governing board list |
| <input type="checkbox"/> By-Laws | <input type="checkbox"/> Self-certification forms for all governing board members |
| <input type="checkbox"/> 501(c)(3) or (4) certificate or group exemption letter under Section 905 | <input type="checkbox"/> Statement of formal process that engages low-income beneficiaries in decisions regarding affordable housing projects |
| <input type="checkbox"/> Current A-133 Audit | <input type="checkbox"/> If sponsored by a for-profit, evidence that organization is not controlled by the for-profit |
| <input type="checkbox"/> Mission Statement | <input type="checkbox"/> If sponsored by a for-profit, evidence that the primary purpose of the for-profit does not include the development or management of housing |
| <input type="checkbox"/> Statement that documents at least 1 year of experience serving the community by the organization or parent company | <input type="checkbox"/> If sponsored by a for-profit, evidence that the organization is free to contract for goods and services from vendors of its own choosing |
| <input type="checkbox"/> Narrative description of organization capacity and experience related to proposed project | <input type="checkbox"/> Map of the geographic area served by the organization |
| <input type="checkbox"/> Resumes and job descriptions for key staff | <input type="checkbox"/> List of the neighborhoods served |
| <input type="checkbox"/> Organizational chart | <input type="checkbox"/> Signed Conflict of Interest Policy |
| <input type="checkbox"/> Payroll report, W-2 or W-4 or a contract for employment and a W-9 and 1099 (at the end of the year) for contract staff | |

CHDO Certification Application

Applicant

Organization Name: _____

Mailing Address: _____

City, State, Zip Code: _____

Contact Person and Title: _____

Contact Phone: _____ Email: _____

Website: _____ Date of Incorporation: _____

Tax ID #: _____ Duns #: _____

Is the organization registered in the federal System for Award Management (SAM – www.sam.gov/)? *In order to receive funding, SAM registration is required.* Yes No

Project Profile

Project Name and Address (for which CHDO status is being/has been requested):

Proposed Role of CHDO in this Project:

Developer Owner Sponsor

Legal Status

1. The nonprofit organization is organized under the State of Colorado as evidenced by:
 Charter Articles of Incorporation
2. No part of its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:
 Charter Articles of Incorporation
3. It has a tax exemption ruling from the Internal Revenue Service (IRS), as evidenced by:
 A 501(c)(3) or 501(c)(4) Certificate from the IRS
 A group exemption letter under Section 905 from the IRS that includes the CHDO
4. It has among its purposes the provision of decent housing that is affordable to low- and moderate-income people, as evidenced by a statement in the organization's:

- Charter By-laws
 Articles of Incorporation Resolutions

5. Is the organization a governmental entity:

- Yes (*not eligible to be a CHDO*) No

Capacity & Experience

1. The organization has standards of accountability that conform to 24 CFR 84.21, "Standards of Financial Management Systems," as evidenced by:

- A HUD approved audit summary
OR
 A certification from a Certified Public Accountant

2. The organization has a history of serving the community where housing to be assisted with HOME funds will be used, as evidenced by:

- A statement that documents at least one year of experience in serving the community,
OR
 For new organizations, documentation that the parent organization has at least one year of experience in serving the community

3. The organization has paid staff with demonstrated capacity and experience with projects of a similar size, scope and level of complexity, relevant to its proposed role as owner, developer, or sponsor.

- Yes No

4. The organization has completed at least one CHDO-eligible activity in the past two years.

- Yes No

Organizational Structure

1. The organization maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or election by representatives of low-income neighborhood organizations, as evidenced by the organization's:

- Charter Articles of Incorporation By-laws

Under the HOME program for urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area.

2. It provides current information on the governing board's membership, as evidenced by:

- A completed Governing Board List Governing body self-certification forms for all members

3. It 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 Resolutions
 A written statement of operating procedures approved by the governing body

4. If the organization was created by a governmental entity, the following restrictions apply:
- The governmental entity may not appoint more than one-third of the membership of the organization's governing body;
 - The board members appointed by the governmental entity may not, in turn, appoint the remaining two-thirds of the board members; and
 - No more than one-third of the governing board's members are public officials.

This is evidenced in at least one of the following documents:

- Charter Articles of Incorporation By-laws
 Not applicable because this organization is not chartered by a unit of government

5. If the organization was sponsored or created by a for-profit entity, the following restrictions apply:
- The for-profit entity may not appoint more than one-third of the membership of the CHDO's governing bod
 - 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 at least one of the following documents:

- Charter Articles of Incorporation By-laws
 Not applicable because this organization is not chartered by a unit of government

6. If the organization is sponsored by a religious organization, the organization is a separate secular entity from the religious organization, with membership available to all persons, regardless of religion or membership criteria, as evidenced by:

- Charter Articles of Incorporation By-laws
 Not applicable because this organization is not sponsored by a religious entity

7. The organization is not controlled, nor receives directions from individuals or entities seeking profit from the organization, as evidenced by either:

- By-laws A Memorandum of Understanding (MOU)

8. If sponsored by a for profit entity, the for-profit entity's primary purpose does not include the development or management of housing, as evidenced by:

- By-laws The for-profit organization's by-laws

9. If sponsored by a for profit entity, the organization is free to contract for goods and services from vendor(s) of its own choosing, as evidenced in the organization's:

- Charter Articles of Incorporation By-laws

Geographic Area

Does the organization serve a clearly defined geographic service area?

Yes No

The organization's by-laws should also state the area to be served.

Certification

The applicant understands that HDD will not be responsible for any costs incurred by the applicant in developing and submitting this application and that all applications submitted become the property of HDD.

I declare under penalty of perjury, under the laws of the State of Colorado and the City of Colorado Springs, that all statements contained in this application and any accompanying documents are true and correct, and made with full knowledge that all statements given are subject to investigation and that any false or dishonest answers to any questions may be grounds for denial or subsequent revocation of CHDO Certification.

Prepared By: _____

Date: _____

Approved By: _____

Date: _____

Organization's Board President or Executive Director

Please submit the enclosed certification form and attachments electronically to bdiana@springsgov.com

OR

If you are unable submit the documents electronically, provide 1 copy to:

City of Colorado Springs - Housing Development Division

Attention: Beth A. Diana

30 S. Nevada Avenue, Suite 604

Colorado Springs, CO 80903

Governing Body Self-Certification

SELECT ONLY ONE:

Public Official or Governmental Employee

I currently hold a publicly elected or appointed office or an employee of a governmental agency.

For the purposes of this certification, a "public official" is any elected or appointed representative of the City of Colorado Springs. Employees of the City of Colorado Springs, as well as other employees of governmental agencies including State or Federal agencies that are located in or serve the City of Colorado Springs are also considered a "public official."

Member of a Low-Income Household

I am low-income resident of _____ a community in the applicant's service area.

In order to qualify, the board member must be a low-income resident of a community that the CHDO is planning to serve or currently serves. Low-income is defined as 80% or less of area median family income

Resident of a Low-Income Area

I am a resident of _____ a low-income neighborhood in the applicant's service area.

In order to qualify, the board member must live in a low-income neighborhood where 51% or more of the residents are low-income. The board member does not have to be low-income.

Elected Representative of a Low-Income Group

I am an elected representative of _____, a neighborhood organization whose membership is open to all residents of a defined neighborhood in which at least 51% of the households are low-income. My position on our governing body is primarily as a representative of that neighborhood organization.

In order to qualify, the board member must be elected to serve on the CHDO board by a neighborhood organization composed primarily of residents of a low income neighborhood. The neighborhood organization's primary purpose must be to serve the interests of the neighborhood residents. Attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative to the CHDO

Not a Low-Income Representative

Signature: _____

Date: _____

Printed Name: _____

Title: _____

For reference: 2014 City of Colorado Springs Income Limits

Household Size	1	2	3	4	5	6	7	8
Low Income Limit (80%)	\$39,200	\$44,800	\$50,400	\$56,000	\$60,500	\$65,000	\$69,450	\$73,950

**COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
(CHDO)
Conflict of Interest Policy**

No employee, agent, consultant, elected official, or appointed official of _____ (the "CHDO") may obtain a financial interest or unit benefits from a HOME-assisted activity, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. This prohibition includes the following:

- Any interest in any contract, subcontract or agreement with respect to a HOME-assisted project or program administered by the CHDO or the proceeds thereunder; or
- Any unit benefits or financial assistance associated with HOME projects or programs administered by the CHDO including:
 - Occupancy of a rental housing unit in a HOME-assisted rental project;
 - Receipt of HOME tenant-based rental assistance;
 - Purchase or occupancy of a homebuyer unit in a HOME-assisted project;
 - Receipt of HOME homebuyer acquisition assistance; or
 - Receipt of HOME owner-occupied rehabilitation assistance.

This prohibition does not apply to an employee or agent of the CHDO who occupies a HOME assisted unit as the on-site project manager or maintenance worker.

In addition, no member of Congress of the United States, official or employee of HUD, or official or employee of the City of Colorado Springs shall be permitted to receive or share any financial or unit benefits arising from the HOME-assisted project or program.

Prior to the implementation of the HOME-assisted activity, exceptions to these provisions may be requested by the CHDO in writing to the Housing Development Division (HDD). The CHDO must demonstrate and certify that the policies and procedures adopted for the activity will ensure fair treatment of all parties, and that the covered persons referenced in this policy will have no inside information or undue influence regarding the award of contracts or benefits of the HOME assistance. HDD may grant exceptions or forward the requests to HUD as permitted by 24 CFR 92.356, 85.36 and 84.42, as they apply.

Signature: _____

Date: _____

Printed Name: _____

Title: _____