



2023
City of Jacksonville
Community Housing Development Organization (CHDO)
GUIDELINES AND CERTIFICATION APPLICATION



Housing and Community Development Division

City of Jacksonville | 214 North Hogan Street, 7th Floor | Jacksonville FL
32202 | 904.255.8200

CHDO Definitions and Overview

A Community Housing Development Organization (CHDO) is a private nonprofit, community based service organization that has staff with the capacity to develop affordable housing for the community it serves.

A Participating Jurisdiction (PJ) is any state, local government or consortium that has been designated by HUD to administer a HOME Program. The City of Jacksonville is the PJ and the HOME Program is administered by the Housing and Community Development Division (HCDD).

Operating Expenses – up to 5% of a PJ’s HOME allocation ***may*** be used to provide general operating assistance to CHDOs that are receiving set-aside funds for an activity (or activities) or are under a written agreement to receive set-aside funds within 24 months of the date of the agreement. CHDO certification does not automatically gain access to Operating funds which will be awarded at the discretion of HCDD. A community housing development organization may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or \$50,000, whichever is greater, of the community housing development organization’s total operating expenses in that fiscal year. (24 CFR 92.300)

At a minimum each PJ ***must*** commit 15% of its HOME allocation to certain eligible activities to be undertaken by CHDOs. The CHDO set-aside provides equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs, and provide guaranteed resources for affordable housing development.

Please note that qualification is only one step in the overall funding process. PJs separately determine an agency’s eligibility for the various benefits of being a CHDO. Just because an agency is qualified does not entitle it to any CHDO funding.

An agency must maintain and be able to certify its CHDO status for the entire life of a project. PJs will continue to require agencies to update CHDO documentation and certification when there are open CHDO projects, including rental projects within the required compliance period.

In addition, keep in mind that “success” as a CHDO developer is not determined by whether it has qualified as a CHDO, but whether it has the capability to undertake and manage housing development projects. Tool 4 in Part III of the CHDO Survivor Kit (link is located within “Certification” statement) combines the CHDO qualification standards (those items in the list where the “deficiency” column is grayed out) with some of the capacity measures used to determine a CHDO’s success as a developer. Qualification is just the first step toward becoming a CHDO.

CHDO Qualifying Criteria

A CHDO must meet certain requirements pertaining to its:

- legal status
- organizational structure

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- organizational capacity
- staff experience

Legal Status

Organized under state/local law: CHDOs must be organized under state and local law.

Purpose of organization: Provision of decent housing that is affordable to low and moderate income persons must be among the purposes of the organization. This commitment must be evidenced in the CHDO's:

- charter;
- articles of incorporation;
- by laws; or
- a resolution of the CHDO's board of directors.

No individual benefit: No part of the CHDO's earnings (profits) may benefit any members, founders, contributors or individuals.

Clearly defined service area: A CHDO must have a clearly defined geographic service area.

Nonprofit status: CHDOs must have received a tax-exempt ruling from the IRS under Section 501(c)(3) of the Internal Revenue Code of 1986 in order to be designated by the PJ as a CHDO.

Permissible non-profit designations under HOME are:

- 501(c)(3) status - a charitable, non-profit corporation;
- 501(c)(4) status - a community or civic organization;
- Section 905 status - a subordinate organization of a 501(c)(3) organization.

Organizational Structure

A CHDO is intended to respond to the community's needs. The structure of the board of directors of a CHDO is viewed as the main indicator of community control over the CHDO.

CHDO Board: The CHDO board must be composed as follows:

- ❖ At least one-third must be representatives of the low-income community.
 - Low-income input: Input from the low-income community is not met solely by having low-income representation on the board.
 - A CHDO must also provide a formal process for low-income beneficiaries to advise the CHDO on project needs. The process must be in writing, and must be included in the organization's by-laws or adopted by board resolution.
- ❖ No more than one-third may be representatives of the public sector (including any Employees of the PJ)
 - This limitation is intended to ensure that separation exists between PJs and CHDOs, and that CHDOs are indeed community-based and community-controlled organizations.
- ❖ The balance of the board is unrestricted.

Capacity and Experience

Experience:

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A CHDO must demonstrate that it has, at a minimum, one year of experience serving the community where it intends to develop HOME-assisted housing. In addition, **the PJ requires proof of the production (acquisition/rehab/resale or rental, acquisition/new construction of rental housing or single family housing for homeownership) of at least two units of housing between January 1, 2022 – May 30, 2023. Proof provided must be in the form of executed HUD's and/or Certificates of Completion/Occupancy.**

Newly created organization's, one year or less than one year 501(c)(3) status, wishing to become CHDOs can meet this requirement if the parent (or sponsoring) organization is a nonprofit and has provided services to the community for at least one year.

CHDO Qualification and Capacity Requirements

- **To qualify as a CHDO, a nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities.** Capacity cannot be demonstrated by use of a consultant, except in the first year that a CHDO becomes certified. [*§92.2 Community housing development organization*]

CHDOs must demonstrate the capacity of its key staff to carry out the HOME assisted activities it is planning. This means that CHDOs must have:

- Experienced key staff who have successfully completed projects similar to those proposed by the CHDO; OR
- A CHDO may assume the role of a developer of a proposed housing project utilizing HOME funds.

Eligible Uses of Home Funds by CHDO'S

Eligible uses of HOME funds for CHDO activities include:

- Acquisition/Rehab/Resale activities for rental housing or homeownership
- New construction of rental housing
- Housing Rehabilitation (Targeted Area Revitalization only)
- Acquisition New Construction of single family housing for homeownership

Ineligible Uses of Home Funds by CHDO'S

Ineligible uses of HOME funds for CHDO activities include:

- Tenant-based rental assistance (TBRA)
- Brokerage or real estate transactions

CHDO Eligibility Questionnaire

CHDO certification applications will be accepted and reviewed once per fiscal year. Applications for certification will not be accepted throughout the year. After a review of the application by HCDD, applicants will receive notification of the status of the request.

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HCDD must receive all of the information outlined in the pages that follow for an organization to be considered for CHDO eligibility. All applications must be complete with all required supporting documentation.

If you have any questions, please contact the Chief – Housing, Travis Jeffrey, at (904) 255-8200. Upon completion of the application, please send ***two copies (one original and one copy – unbound and tabbed)*** of the application to:

Housing & Community Development Division
214 North Hogan Street, 7th Floor
Jacksonville, Florida 32202
Office (904) 255-8200

Applicant Information

Organization: _____

Federal Tax I.D. Number: _____

Organization CEO: _____

Contact Person/Title: _____

Address: _____

Phone No.: _____ Fax No.: _____

Email: _____

Website (if any): _____

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Certification

All of the information presented to be used for consideration of CHDO eligibility is true and correct to the best of my knowledge and that I/my organization fully understands and agrees to the requirements of this program.

I/my organization further certifies that I/my organization has read, reviewed and understands the HOME CHDO Final Rule as published by the U.S. Department of Housing and Urban Development, Office of Community Planning and Development, that can be found at the following link: <https://www.hudexchange.info/resource/3171/home-final-rule-chdo-roles-webcast/>

Organization: _____

Typed Name of Preparer: _____

Signature of Executive Director: _____ Date: _____

Typed Name of Executive Director: _____

Signature of Board President: _____ Date: _____

Typed Name of Board President: _____

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Application Instructions

Please respond appropriately to the questions below and provide any explanation necessary to assist HCDD in its determination of CHDO eligibility. While brevity is appreciated, applicants should feel free to err on the side of providing too much information, rather than too little. Applicants must also provide the supplemental information requested at the end of this questionnaire. One original and one copy of all information must be **provided in a loose-leaf or spiral binder. The application response should be placed in the order according to the application request, with a table of contents serving as the first page. The required supplemental information must be tabbed and identified in the application table of contents. Retain a copy of all information submitted.**

HCDD must receive all of the information outlined in the pages that follow for an organization to be considered for CHDO eligibility. All applications must be complete with all required supporting documentation. Please note that this is an application for the CHDO certification of agencies, this is not for the review of any project.

Please check the appropriate response and provide on a separate sheet any explanation necessary to assist HCDD in its determination of CHDO eligibility. Separate responses to the questions below should not be considered substitutes for the required narratives.

1. Is the organization chartered as a private, non-profit corporation under state or any local laws?

Yes No

2. Does the organization have among its purposes, as described in its articles of incorporation, charter, resolutions, or by-laws, activities related to the provision of decent safe and sanitary housing affordable to low and moderate income persons or households?

Yes No

3. Does any part of the organization's net earnings (profits) personally benefit any member, founder, contributor, or individual?

Yes No

4. Is the organization tax-exempt under 501(c) of the Internal Revenue code of 1986? (Organizations that have applied for but not yet received their 501(c) ruling do not meet this requirement.) Please provide evidence that the organization has approval for an exemption.

Yes No

When did the organization receive its tax-exempt status? Date:

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5. Is at least two-thirds of the organization's governing board comprised of individuals who are acting in a private capacity (i.e. he/she is not legally bound to act on behalf of a public body and is not being paid by a public body while performing functions in connection with the non-profit organization)?

Yes No

Does a public body have the authority to appoint more than one-third of the members of the organization's board?

Yes No

Is more than one-third of the organization's board comprised of public officials?

Yes No

6. Is the organization either controlled by, or under the direction of, individuals or entities, seeking to derive profit or gain from the organization?

Yes No

If the answer above is "Yes", then:

a. Is the entity's primary purpose the development or management of housing, real estate management, construction or development?

Yes No

b. Does this entity appoint more than one-third of the organization's board?

Yes No

c. Do those board members appointed by this entity appoint any of the remaining board members?

Yes No

d. Is the organization free to contract with any vendor for goods and services?

Yes No

7. Does the organization's financial management system conform to 24 CFR 84.21 "Standards for Financial Management Systems"? A copy can be located @ web address: http://edocket.access.gpo.gov/cfr_2008/apr/qtr/pdf/24cfr84.21.pdf

Yes No

8. Are the organization's activities limited to a geographically defined target area?

Yes No

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9. Is at least one-third of the organization's board comprised of low-income residents from the target/service area, or community or elected representatives of low-income neighborhood organizations?

Yes No

10. Does the organization provide 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?

Yes No

11. Does the organization have the demonstrated capacity (i.e. an experienced staff person(s) who has successfully completed similar projects, or a consultant with successful experience and a plan to train appropriate staff members of the organization) to carry out HOME assisted activities?

Yes No

12. Has the organization or its parent served the target area/community that would receive HOME assistance for at least two years?

Yes No

13. Is the organization primarily a religious organization, for example a church?

Yes No

A service organization? Yes No

A neighborhood organization? Yes No

14. Has your organization been certified as a CHDO by another Participating Jurisdiction?

Yes No

If yes, which PJ provided certification?

What year was the organization certified?

If no, and the applicant is located in a Participating Jurisdiction, explain in a separate attachment why the applicant has not sought local certification. Also describe any situation when certification was denied.

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15. If you believe the organization, based upon the criteria of the HOME Program, will qualify as a CHDO, does the organization anticipate applying for Development Subsidy funds?

Yes No

Provide the following information. Separate each item in the application with a tab, and identify the tab in a table of contents.

- ✓ Copy of the organization's Charter (if applicable).
- ✓ Copy of the organization's Articles of Incorporation.
- ✓ Letter of support from the mayor or highest elected official (e.g., president of the board of township trustees or president of the board of county commissioners) of the local government that comprises the majority of the proposed service area.
- ✓ Copy of the organization's by-laws.
- ✓ Copy of the organization's incorporation papers as filed with the Florida Secretary of State.
- ✓ Describe, in detail, the formal process that allows low-income residents and program beneficiaries to advise the organization on decisions concerning the community revitalization occurring and management of affordable housing.
- ✓ Map and narrative description of the proposed service area inclusive of north, south, east, and west boundaries.
- ✓ Describe the need(s) the organization will serve in the targeted service area as a CHDO. Provide data, maps (area must coincide with the target area described within your corporate documents) and other information as necessary.
- ✓ Provide a list of all parcels in which your agency has site control. All parcels must be free of any City of Jacksonville Liens and not cited by Municipal Code Compliance Division for blight.
- ✓ Copy of the organization's 501(c)(3) ruling as provided by the IRS.
- ✓ Provide a list of current board members, showing each board member's name, address and occupation. Please identify which board members are low or moderate-income residents (based upon the Area Median Income for the Metropolitan Area) or representatives of low-income neighborhood organizations. Provide a resume for each board member.
- ✓ What does each board member contribute to housing initiatives? How will their experience or education help the organization successfully complete affordable housing projects and community initiatives?
- ✓ Statement describing the method used to select board members.
- ✓ Copy of the organization's written financial policy showing that the organization's financial management system conforms to the financial accountability standards of 24 CFR 84.21.

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- ✓ Resumes and separate statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds. The statements of experience should highlight staff experience in the following areas:
 - Conducting or facilitating market analysis and assessments
 - Identifying and negotiating for appropriate sites
 - Selecting and working with design professionals, consultants, government officials, and building professionals
 - Community outreach, organization, and engagement
 - Complying with local, State, and federal regulations governing zoning, planning, or building standards
 - Creating project pro formas and operating budgets
 - Setting rents or sales prices
 - Working with lenders and other funding providers
 - Managing a construction project
 - Marketing a project

- ✓ **To qualify as a CHDO, a nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities.** Capacity cannot be demonstrated by use of a consultant, except in the first year that a CHDO becomes certified. [*§92.2 Community housing development organization*]. Provide proof of any HOME related training and education.

- ✓ Statement describing the nature of community engagement, regular and open dialogue regarding the needs of the community, and participation and/or creation of resident associations for sustainability.

- ✓ Statement describing the nature of the housing project(s) the organization plans to develop. This statement should include a description of the predevelopment activities undertaken, potential sources of financing, and any other information that will describe the organization's progress in pursuing the project.

- ✓ Statement describing the organization's relationship with local government, businesses in the proposed service area, and other non-profit organizations. Describe how these relationships, or partnerships, will help the organization meet its housing goals.

- ✓ Describe the current capacity of the organization. The definition of capacity includes both human and financial resources.

- ✓ A detailed statement that documents the specific services the organization has rendered in the proposed service area. Please note that the organization or its parent must have a minimum of one year of experience in serving the community that benefits from HOME funds and must provide proof (through executed HUD's and/or Certificates of Completion/Occupancy) that a minimum of two (2) housing units was developed.

- ✓ Copy of the latest Federal 990 tax return.

- ✓ The organization must submit its most recent financial statements audited within the past twelve months.

- ✓ Provide any other information that may be of assistance in determining CHDO eligibility.

Application Review Process

At the conclusion of this initial review, staff may request additional information. It is the responsibility of the applicant to respond in a timely fashion. Once all information has been reviewed, a certification decision will be rendered. The applicant will be notified of the decision in writing.

Reference/ Disclosure

The CHDO Certification process is governed by Housing and Urban Development regulations as stated in Title 24 of the Code of Federal Regulations part 92 Chapter 3; however, additional requirements for certification are at the discretion of the PJ.

Qualification and criteria are based on the:

- Local Housing Assistance Plan (LHAP),
- Consolidated Plan and
- At the discretion of the Participating Jurisdiction