

# Indiana Housing Conference

Indiana's must-attend conference for affordable housing professionals.



## Certifying CHDOs

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Indiana Housing & Community Development Authority

# Welcome & Introductions



- Delivered by Steve Lathom, TDA Consulting
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  - [slathom@tdainc.org](mailto:slathom@tdainc.org)
  - 517-203-4130
- Session Objectives and Format
  - CHDO Challenges
  - CHDO Definition & Certification
    - Sample Application for CHDO Certification
  - Q&A



# Challenges for PJs



- 2013 HOME Final Rule changes
  - Updated definition
    - Increased emphasis on paid staff and capacity
  - Certification tied to project commitment
    - Timing – at commitment, no annual recertification
    - Capacity evaluated relative to role and project needs
  - But also
    - Updated CHDO roles – owner, developer, sponsor
    - More stringent commitment requirements



# Additional PJ Angst



- Thinning of CHDO herd
  - Regulatory updates and broader environment
- CHDO is expected to remain a CHDO throughout period of affordability
  - PJ determines monitoring procedure
- Commitment deadline & grant-based accounting
  - Grant based accounting eliminates cumulative measurement and “carry-forward”
  - 24-month deadline still applies to CHDO set-aside
  - But allocations cut by ~50% since FY 2010



# Sample App. for CHDO Certification



- Copy in handout, follow along
- Part of planned CHDO Toolkit
  - “Draft”
- Optional tool for PJs, but
  - Aligned to CHDO Checklist
  - Reduces local effort
    - Free to you
    - CHDO does much of the work
    - Space to document PJ review
  - Limits confusion for multi-jurisdictional CHDOs



# Meeting the CHDO Definition



# CHDO Legal Status



- To be eligible, organization must:
  - Be organized under state and local law
  - Have among its purposes to provide decent and affordable housing to low income persons
  - Net earnings provide no benefit to members, founders, or other individuals
  - Not be under control of individuals/entities seeking to profit
  - Have IRS tax exempt status, usually 501(c)(3)
  - Not be a governmental entity



# Governmental Entity



## Governmental entities:

- Participating jurisdiction
- Other jurisdiction (state or unit of local government)
- Indian tribe
- Public housing authority
- Indian housing authority
- Housing finance agency
- Redevelopment authority

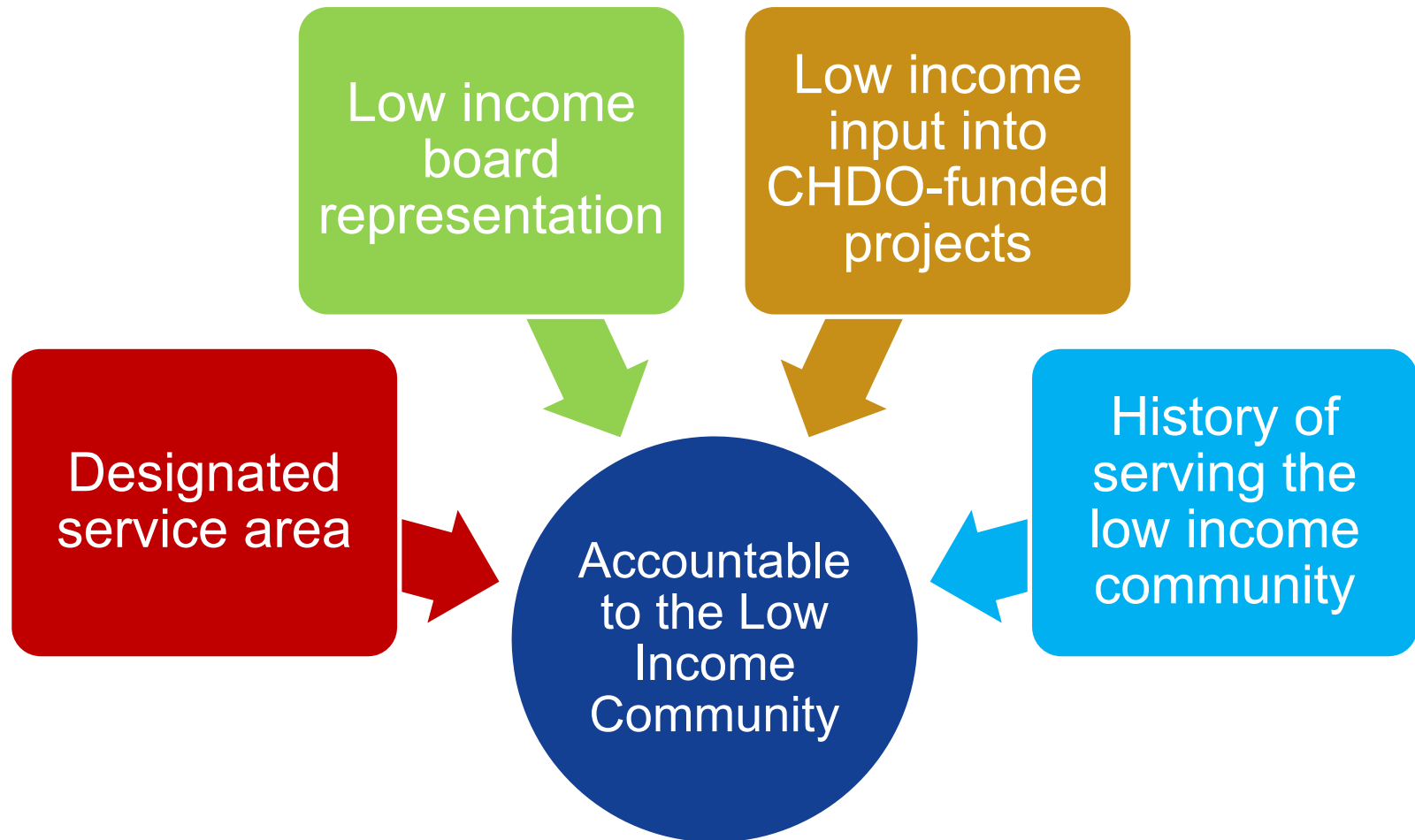
## Not “governmental” for CHDO definition:

- Independent school districts (separately elected school board)
- State universities/comm. colleges with independently elected board
- Non-housing regional authorities (e.g. regional sewer authority, water district, airport authority, etc.)





# Accountability to the LI Community



# What Is the CHDO's "Community"?



- CHDO must designate its "service area" for its CHDO's activities
- The "community":
  - May be multi-jurisdictional
  - Cannot be entire state
- Service area is the basis for determining accountability to the low income community



# Low Income Board Composition



- At least 1/3 low income representation on board
  - Low-income residents of the community
  - Residents of low-income neighborhoods
  - Elected representatives of LI neighborhood org
- Government officials, employees, or appointees may not be counted as low income representatives
- Separate limits on board for independence from government & for-profit entities
  - More in a minute



# Low-Income Input



- Must have formal process for low income beneficiaries to provide input on project design, siting, development, & management
  - Must be described in writing and documented
  - Must be in by-laws or board resolution
- Methods may include:
  - Special committees, neighborhood advisory boards
  - Open town meetings
  - Surveys



# History of Service



- Organization must have min. 1-year history serving the community
  - Not limited to housing, could be services (e.g., head start, job training, tax prep, food bank, etc.)
- Parent organization's history of service counts
  - If CHDO was formed by local churches, service organizations, neighborhood orgs, etc.



# Capacity



- Financial management system
  - Must conform to 2 CFR 200.302 - .303
- CHDO must have paid staff with demonstrated capacity appropriate to CHDO “role” & project
  - Own, develop, and sponsor roles
  - Two distinct issues:
    1. Does the CHDO have directly paid staff?
    2. Do the staff have capacity to implement project?



# 1. Who Counts as Staff?



- Paid staff must be directly employed & paid by the CHDO
  - Could be W-2 or contracted; full-time or part-time
- Staff cannot be:
  - Donated by, contracted through, or cost allocated from another entity (including parent nonprofit)
  - Board members or volunteers
  - Consultants—except 1st year of CHDO funding
  - No officials/employees of government entities or for-profit creator



## 2. Do Staff Have Capacity?



- Capacity is based on:
  - Staff skills
  - Prior experience
  - Availability to perform project activities (time available & other commitments)
- Project needs vary based on tenure type (for-sale v. rental), size, complexity, etc.





# Independence



- Applicable to all CHDOs
  - Max. 1/3 of board may be public officials, appointees, or employees of gov't entities
  - Organization's employees cannot also be gov't officials or employed by gov't entities
- If created by a governmental entity
  - Gov't entity cannot appoint more than 1/3 of board, those members may not appoint remaining members

# Independence cont...



- If CHDO was created by a for-profit
  - For-profit cannot have housing development or management as primary purpose
  - For-profit cannot appoint more than 1/3 of board, those members cannot appoint remaining members
  - For-profit's officers/employees cannot be CHDO employees
  - CHDO must be free to contract for goods/services from vendors of its own choosing



# Other resources



- Sample Board Member Certifications
  - Public Official/Employee
  - Low-Income Representative
- Board Roster
- Staff Roster
- CHDO role checklists
- Sample Resolution re: formal input process
  - Has not been reviewed by HUD



# TWENTY QUESTIONS

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