



BOARD OF COUNTY COMMISSIONERS

## Housing and Human Services

2725 Judge Fran Jamieson Way  
Building B, Suite 106  
Viera, Florida 32940



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Brevard County HOME Consortium

# Community Housing Development Organization (CHDO)

## Guidebook

Brevard County Housing and Human Services  
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## TABLE OF CONTENTS

I.	What is a Community Housing Development Organization	3
II.	Special Benefits for Community Housing Development Organizations	3
III.	Housing and Human Services Requirements for Certification	3
IV.	Regulatory Requirements for Certification	4
	A. Organizational Structure Requirements	5
	B. Experience and Capacity	6
	C. Financial Accountability	6
	D. Service Area	6
	E. Procurement	6
V.	Roles and Responsibilities	6
	A. Owner	7
	B. Developer	7
	C. Sponsor	7
	D. Developer vs. Sponsor	7
VI.	Eligible Activities	8
VII.	Ineligible Activities	8
VIII.	New Certification and Recertification	9

## **I. WHAT IS A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)?**

A CHDO (pronounced cho'doe) is a private nonprofit, community-based service organization that has demonstrated capacity, and whose primary purpose is to develop affordable housing. Certified Community Housing Development Organizations (CHDOs) receive special designation from the Brevard County Housing and Human Services (HHS) Department, on behalf of the Brevard County HOME Consortium. The HOME Program regulations can be found at 24 CFR Part 92.200, 208, 300 and 301.

## **II. WHAT SPECIAL BENEFITS ARE AVAILABLE TO CHDOs?**

HOME regulations require that participating jurisdictions, such as the Brevard County HOME Consortium, set aside 15 percent of its annual HOME allocation for qualified, eligible CHDO projects. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside, participate in the open request for proposal process administered by a member(s) of the Consortium, retain some or all of project proceeds, and potentially qualify for CHDO status with the state of Florida.

## **III. HHS REQUIREMENTS FOR CHDO CERTIFICATION**

To be eligible for CHDO designation, an organization must:

1. Maintain a physical office location in the proposed service area that is open for business and accessible by potential program applicants during customary business hours.
2. Have established a five-year strategic business plan, which must include housing development.
3. Maintain compliance on HHS-funded projects.

Please note that the criteria noted above is not intended to be all-inclusive and HHS may require additional information prior to making a determination for CHDO designation. Meeting the above requirements does not guarantee that the organization will be granted CHDO designation. HHS reserves the right to deny or revoke CHDO designation based upon its evaluation of the nonprofit organization. Designated CHDOs will be evaluated annually and prior to commitment of any proposed project.

## **IV. REGULATORY REQUIREMENTS FOR CERTIFICATION**

The U.S. Department of Housing and Urban Development has established standard criteria for organizations to be eligible to become a certified CHDO. There are several general certification requirements such as the following, which we will discuss in greater detail.

1. **Organized Under State/Local Law.** A nonprofit organization must show evidence in its Articles of Incorporation that it is organized under state or local law.
2. **Inuring of Benefit.** No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the organization's Articles of Incorporation.
3. **No For-Profit Control.** The organization may not be controlled by, nor receive directions from, individuals or entities seeking profit from or that will derive direct benefit from the organization.
4. **Nonprofit Status.** The organization must be conditionally designated or have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. A 501(c) certificate from the IRS must evidence the ruling.
5. **Purpose of Organization.** Among its primary purposes, the organization must have the provision of decent housing that is affordable to low and moderate income people. This must be evidenced by a statement in the organization's Articles of Incorporation and/or Bylaws.
6. **No Governmental Control.** There must be no control by a governmental entity and no more than one-third of the board members may be appointed by or public employees of governmental any entity.
7. **Financial Accountability Standards.** The organization must meet and adhere to the financial accountability standards as outlined in 24 CFR 84.21, "Standards for Financial Management Systems."
8. **Board Structure.** The board of directors must be organized to contain no more than one-third representation from the public sector and a minimum of one-third representation from the low income community. A formal process must be developed and implemented for low income program beneficiaries and low income residents of the organization's service area to advise the organization in all of its decisions regarding the design, location, development and management of affordable housing projects.
9. **Capacity/Experience.** The key staff and board of directors must have significant experience and capacity to carry out CHDO-eligible; HOME-assisted projects in the community where it intends to develop affordable housing (key staff and board of directors have successfully completed HOME-funded, CHDO-eligible projects in the past). The organization must have paid staff with appropriate housing experience.
10. **Community Service.** A minimum of one year of relative experience serving the community(ies) where it intends to develop affordable housing must be demonstrated. The organization must have a clearly defined geographic service area outlined in its Articles of Incorporation and/or Bylaws. CHDOs may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a city, town, village, county, or multi-county area), they may not include the entire state.

## A. ORGANIZATIONAL STRUCTURE REQUIREMENTS

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is controlled by the community it serves and capable of undertaking the decisions and actions that address the community's needs.

There are four specific requirements related to the organization's board, which must be evidenced in the organization's Articles of Incorporation and/or Bylaws. These are:

**1. Low Income Representation.** At least one-third of the organization's board must be representatives of the low income community served by the CHDO. There are multiple ways a board member can meet the definition of a low income representative:

- The person is a low income resident of the community. The person lives in a low income neighborhood where 51% or more of the residents are low income. This person need not necessarily be low income.

or

- The person was elected by a low income neighborhood organization to serve on the CHDO board. Such organizations might include block groups, neighborhood associations, and neighborhood watch groups.

The CHDO is required to certify the status of low income representatives.

**2. Public Sector Limitations.** No more than one-third of the organization's board may be representatives of the public sector (including elected public officials, appointees of a public official or any employees of a governmental entity). In the event a person qualifies as both a low income representative and a public sector representative, their role as a public sector representative will supersede their residency or income status. Therefore, this person counts toward the one-third public sector limitation.

**3. For-Profit Limitations.** If a CHDO is created or sponsored by a for-profit entity, the for-profit may not appoint more than one-third of the board. The board members appointed by the for-profit may not appoint the remaining two-third of the board members.

## **B. EXPERIENCE AND CAPACITY**

CHDOs must demonstrate a history of serving the community where the housing to be assisted with HOME funds will be located. HUD requires that organizations show a history of serving the community by providing a statement which documents at least one year of experience serving the community. For newly created organizations, provide a statement that the parent organization (if applicable) has at least one year experience serving the community.

CHDOs must demonstrate that their key staff and board of directors have the relevant capacity necessary to perform the HOME-assisted activities. CHDOs must provide resumes of key staff members that document successful completion of similar projects.

CHDOs must serve as an owner, developer or sponsor of a HOME-eligible project when using funds from the 15 percent CHDO set-aside. A CHDO may serve in one of these roles or it may undertake projects in which it combines roles, such as being both an owner and developer.

## **C. FINANCIAL ACCOUNTABILITY**

A CHDO must meet the financial accountability standards detailed in 24 CFR 82.21, "Standards for Financial Management Systems":

- Audit completed by CPA.
- Certification from a certified public accountant.
- A notarized statement by the president or chief financial officer of the organization.

## **D. SERVICE AREA**

While HHS does not limit a CHDO's service area, the CHDO should ensure that is community based. CHDOs will be required to provide updates ensuring that it is active and visible in its service area(s).

## **E. PROCUREMENT**

CHDOs must still follow appropriate procurement procedures compliant with Part 84 for its non-CHDO projects and may be required to adhere to Brevard County Procurement processes, as applicable. HHS may request a copy a CHDO's procurement policy for any proposed project.

## **V. ROLES AND RESPONSIBILITIES**

A CHDO may serve in one or more of these roles in any project.

## **A. OWNER**

A CHDO is considered an owner of a property when it holds valid legal title or has a long term leasehold interest of at least 99 years. The CHDO may be an owner with other individuals, corporations, partnerships, or other legal entities.

A CHDO can be the owner and developer of its own project during the affordability period. A CHDO may elect to have another entity act as developer. The CHDO may elect ownership of a property in partnership with either a majority or minority interest. If so, the CHDO must be the managing general partner with effective control (in decision making authority) of the project.

## **B. DEVELOPER**

A CHDO is considered a developer when it owns the property and develops the project.

The CHDO must own the property; it must obtain financing and rehabilitate or construct the project. For a rental housing project the CHDO must maintain ownership and be in sole charge of development of the project. For a homebuyer project, the CHDO must transfer title to the property and applicable obligations to the income eligible homebuyer within a specified period of time frame or the project will convert to a rental project.

## **C. SPONSOR**

The CHDO is considered a sponsor of a rental project when it develops a project that it solely or partially owns and agrees to transfer title after completion.

If the property is not transferred to the nonprofit organization, the CHDO sponsor will remain liable for the HOME obligations. The CHDO must identify the organization that will obtain ownership of the property. The second nonprofit must assume all HOME obligations (including repayment of loans and tenant and rent requirements) for the project.

## **D. DEVELOPER VS. SPONSOR**

The CHDO developer and sponsor roles are similar. In both Developer and Sponsor roles, the CHDO is owner completes principal project development activities, such as acquisition, financing, construction management, and assembling a capable development team to bring a project from conception to completion. However, as a sponsor, the CHDO may shift the responsibility to another nonprofit at a specified time such as construction completion or certificate of occupancy.

## **VI. ELIGIBLE ACTIVITIES**

A CHDO may act as an owner, sponsor, or developer in any of the following activities:

- new construction of rental housing;
- new construction of homebuyer property;
- acquisition and/or rehabilitation of rental property;
- acquisition and management of rental housing;
- acquisition, rehabilitation and resale of existing, vacant homebuyer property;
- direct financial assistance to purchasers of HOME-assisted housing.

## **VII. INELIGIBLE ACTIVITIES**

A CHDO may not undertake any of the following activities with CHDO funds as the role is considered that of a sub-recipient:

- Rehabilitation of existing homeowners' properties;
- Tenant-based rental assistance (TBRA); or
- Down payment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO set-aside funds.

The Consortium does not allow the following types of assistance, at this time.

- Pre-development loans or Seed Money
- Operating Expense Assistance

## VIII. NEW CERTIFICATION AND RECERTIFICATION

### A. NEW CERTIFICATION

Any organization interested in applying for CHDO status should contact Alan Woolwich and complete an application and the CHDO Qualifications and Capabilities Checklist. Both of these forms will be posted online. All applicable documentation and forms should be saved on a flash drive and mailed or hand delivered to the address below:

Alan Woolwich or Dorenda Christian  
Brevard County Housing and Human Services  
2725 Judge Fran Jamieson Way; Building B  
Viera, FL 32940

The organization will have 30 days to respond to any request for additional information. If information is not received within 30 days, the Application will be denied.

### B. RECERTIFICATION

An existing CHDO must submit by September 30th of each year a CHDO Qualifications and Capabilities Checklist and all required attachments to HHS. If no HOME funds were used within the reporting period, a detailed description of all other affordable housing initiatives undertaken may be requested. If the CHDO fails to submit the recertification packet, the CHDO will be decertified. All of their CHDO assisted properties would be required to be transferred to another HHS approved organization. Assistance may be required to be repaid.

Prior to approval of any CHDO funds, a proposed project must include updated CHDO certification documentation, based on the proposed project. **This recertification is required prior to commitment of each project.**

CHDOs that have not sought project funds from the HOME CHDO set-aside for three consecutive years may be deemed inactive. At its discretion, HHS may revoke the designation of inactive or non-compliant CHDOs.