Community Housing Development Organizations (CHDOs)
HOME Investment Partnerships Program

- SDHDA receives $3 Million annually
- HUD requires 15% to be set aside for CHDOs.
What is a CHDO?

- Private nonprofit, community-based organization that develops affordable housing in the community it serves.
- Requirements for legal status, organizational structure, capacity, and experience.
Becoming a CHDO

• Legal Status
  – Nonprofit organized under State or local law
  – Tax exemption from IRS
  – Mission or By-laws include affordable housing for low-income persons
Becoming a CHDO

• Organization Structure
  – Maintain at least 1/3 of board membership with low-income residents
  – No more than 1/3 of board membership can be public/government officials
  – Can be created/sponsored by a for-profit or non-profit entity
  – Must be locally based and be an independent organization
Becoming a CHDO

• Experience
  – Key staff members have completed similar projects, or
  – Contract with consultant firms that have housing experience
  – Have a history serving the community for at least one year
Becoming a CHDO

• **Capacity**
  - Must have paid staff with demonstrated capacity
    • Staff must be paid directly by and accountable to the CHDO
    • Use of consultants to demonstrate capacity only during 1\textsuperscript{st} year of funding as a CHDO
  - Cannot meet capacity requirement with volunteers, donated staff, or board members.
Becoming a CHDO

- Created by For-Profit entity
  - Cannot have primary purpose of housing development or management
  - Cannot appoint more than 1/3 of board; those members cannot appoint remaining 2/3
  - CHDO must be free to contract with any vendor
  - Officers and employees of the for-profit that created the CHDO cannot serve as officers or employees of the CHDO
Becoming a CHDO

- Created by government entity
  - Gov’t entity cannot appoint more than 1/3 of board
  - No CHDO can have more than 1/3 board members who are public officials or employees of gov’t entity
  - Gov’t entities includes participating jurisdictions, public housing agencies, HFAs, redevelopment authorities, or tribes
  - Officers/employees of the gov’t entity may not serve as officers or employees of any CHDO
Eligible CHDO Activities

• Acquisition and/or rehabilitation of rental housing
• New construction of rental housing
• Acquisition and/or rehabilitation of homebuyer properties
• New construction of homebuyer activities
• Direct financial assistance to purchasers of HOME-assisted housing developed with HOME funds by a CHDO
Roles of a CHDO

• CHDO may own, develop, or sponsor housing activities
• Must demonstrate capacity in relation to its “role”
CHDO as Developer

• **Homebuyer**
  - CHDO owns, rehabs or constructs, then sells property
    • Buyers must be underwritten

• **Rental**
  - CHDO itself owns and develops housing
  - Arranges financing and is in sole charge of construction or rehab
  - CHDO must be owner or have long-term ground lease during development and affordability period
CHDO as Owner

• CHDO acquires and acts as owner of rental housing
  – Does not have to develop
  – If development, CHDO hires and overseas project or contracts with developer to perform rehab or construction

• CHDO must be owner during development and affordability period
CHDO as Sponsor

• Rental to other non-profit
  – CHDO develops rental housing on behalf of another non-profit and transfers title after completion
  – Other non-profit cannot be created by governmental entity, but can be another CHDO
  – If transfer does not happen, CHDO must maintain ownership for affordability period
CHDO as Sponsor (cont.)

• Rental to CHDO affiliate
  – Rental housing is sponsored by a CHDO if owned or developed by a:
    • For-profit or nonprofit that is wholly-owned subsidiary of the CHDO; or
    • If owned by a LP or LLC, the CHDO or its wholly-owned subsidiary must be the sole general partner (LP) or sole managing member (LLC)
      – Removal of CHDO only permitted if replaced with another CHDO
How to Apply

• Complete CHDO Application on SDHDA website, including CHDO Checklist
• Due June 1\textsuperscript{st}, 2016
# CHDO Application

**Legal Name of Organization** | **Tax ID Number**
---|---
**Mailing Address** | **City**
**Contact Name** | **Contact’s Title**
**Contact’s Email Address** | **Phone Number**
**Board President Name** | **Phone Number**

**SELECT THE CHDO SET-ASIDE ELIGIBLE ACTIVITIES YOUR ORGANIZATION PLANS TO UNDERTAKE AS A CHDO (check all that apply)**

- Acquisition and/or rehabilitation of rental property
- Acquisition and/or rehabilitation of homebuyer property
- New construction of rental housing
- New construction of homebuyer property

**PLEASE INCLUDE ALL ITEMS BELOW WITH YOUR APPLICATION AS WELL AS ALL CHECKLIST ITEMS (Attachment A)**

- List of geographic areas covered by the organization
- Explanation of organization’s experience in housing
- Listing of Board of Directors
- Letter explaining proposed project and funding needs
Next Steps

• Receive preliminary CHDO designation from SDHDA
  – Must be recertified at time HOME funds are committed.

• Apply for HOME funds – CHDO set-aside via application on SDHDA website

• HOME applications due August 31, 2016.
Contact Information

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