

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 1st 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 oversees 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 1st, 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)	
<input type="checkbox"/> Acquisition and/or rehabilitation of rental property	<input type="checkbox"/> Acquisition and/or rehabilitation of homebuyer property
<input type="checkbox"/> New construction of rental housing	<input type="checkbox"/> New construction of homebuyer property
PLEASE INCLUDE ALL ITEMS BELOW WITH YOUR APPLICATION AS WELL AS ALL CHECKLIST ITEMS (Attachment A)	
<input type="checkbox"/> List of geographic areas covered by the organization	<input type="checkbox"/> Explanation of organization's experience in housing
<input type="checkbox"/> Listing of Board of Directors	<input type="checkbox"/> 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.



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