

# COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) PROGRAM

## CHDO REQUIREMENTS CHECKLIST



Organizations seeking to become a certified Community Housing Development Organization (CHDO) in the City of Houston, are required to satisfy and document the requirements of the CHDO Requirements Checklist. The City of Houston's Housing and Community Development Department (HCD) is responsible for certifying and recertifying organizations that are eligible to be designated as Community Housing Development Organizations (CHDOs). This Checklist serves as a baseline for CHDO eligibility.

Before committing CHDO set-aside funds to an organization, HCD must certify the organization:

1. Meets the definition of a "community housing development organization" in 92.2;
2. Has paid staff with demonstrated experience appropriate to the role the organization will pay for the project being funded;
3. Demonstrates fiscal soundness; and
4. Has a project eligible for set-aside funds the organization will develop in accordance with 92-300.

CHDO REQUIREMENTS		RULE CITATION	REQUIREMENT SATISFIED & DOCUMENTED	
ORGANIZATIONAL REQUIREMENTS				
1. Legal Structure				
1.1.	The organization is organized under state or local law.	92.2 CHDO Definition (1)	Yes	No
1.2.	The organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons.	92.2 CHDO Definition (7)	Yes	No
1.3.	The organization has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.	92.2 CHDO Definition (2)	Yes	No
1.4.	The organization is not under the control or direction by any individual or entity seeking to derive profit or gain.	92.2 CHDO Definition (3)	Yes	No
1.5.	The organization has one of the following IRS tax exempt statuses: 1.5.1. Exemption under 501(c)(3) or 501(c)(4); 1.5.2. Subordinate of a central nonprofit under IRC Section 905; or 1.5.3. A private nonprofit that is a wholly owned subsidiary of an organization that has 501(c)(3) or (c)(4) status and meets the CHDO definition.	92.2 CHDO Definition (4)	Yes	No
1.6.	The organization is not a governmental entity (any of the following: participating jurisdiction, other jurisdiction, Indian tribe, public housing agency, Indian housing authority, housing finance agency, or redevelopment authority).	92.2 CHDO Definition (5)	Yes	No
2. Independence				
2.1.	Public officials & employees of a governmental entity may comprise no more than 1/3 of the board.	92.2 CHDO Definition (5)	Yes	No
2.2.	Officers and employees of a governmental entity cannot be officers (e.g. CEO, CFO, or COO) or employees of a CHDO.	92.2 CHDO Definition (5)	Yes	No
2.3.	If the organization was created by a governmental entity, then the governmental entity that created the organization may not appoint more than 1/3 of the board members and board members appointed by the governmental entity may not appoint remaining 2/3.	92.2 CHDO Definition (5)	Yes	No
2.4.	If the organization was created by a for-profit entity, then 2.4.1 through 2.4.4 apply:		Yes	No
2.4.1.	The for-profit entity that sponsored or created the organization may not have as its primary purpose the development or management of housing, such as a builder, developer, or real estate management firm.	92.2 CHDO Definition (3)(i)	Yes	No
2.4.2.	The for-profit entity that created the organization may not appoint more than 1/3 board members, and for-profit-appointed members may not appoint remaining 2/3 of board.	92.2 CHDO Definition (3)(ii)	Yes	No
2.4.3.	Officers and employees of the for-profit entity that created the organization cannot be officers or employees of the CHDO.	92.2 CHDO Definition (3)(iv)	Yes	No
2.4.4.	The organization must be free to contract for goods & services with others.	92.2 CHDO Definition (3)(iii)	Yes	No

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<b>3. Accountability to the Low Income Community</b>			
3.1. The organization must have a designated service area (i.e. the "community" in which it produces housing). A community can be a neighborhood or neighborhoods, city, county, metropolitan area, or multi-county area (but not the entire State).	92.2 CHDO Definition (8)(i)	Yes	No
3.2. At least 1/3 of the board members are: 1) low-income; 2) residents of a low-income neighborhood; or 3) elected representatives of a low-income neighborhood organization.	92.2 CHDO Definition (8)(i)	Yes	No
3.3. The organization has a formally adopted process for low-income beneficiaries to advise it on decisions regarding design, siting, development, and management of housing.	92.2 CHDO Definition (8)(ii)	Yes	No
3.4. The organization has at least 1 year of serving the community, or, if it is formed by local churches, service organizations, or neighborhood organizations, its parent organization meets this requirement.	92.2 CHDO Definition (10)	Yes	No
3.5. The organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons.	92.2 CHDO Definition (7)	Yes	No
<b>4. Capacity</b>			
4.1. The organization has financial management systems that conform to 2 CFR 200.302 and 200.303	92.2 CHDO Definition (6)	Yes	No
4.2. The organization has paid employees with demonstrated experience relevant to the CHDO's role in undertaking the HOME activity to be funded. (Note: this does not include volunteers, board members, donated or shared staff, or consultants – except as described in 4.2.1 and 4.2.2. below.)	92.2 CHDO Definition (9)	Yes	No
4.2.1. During the first year of an organization's funding as a CHDO only, capacity can be demonstrated through a contract with a consultant who has housing development experience to train appropriate key staff of the organization.	92.2 CHDO Definition (9)	Yes	No
4.2.2. To satisfy this requirement and demonstrate capacity as a developer of a HOME-assisted project, the nonprofit organization must have paid employees with housing development experience who will work directly on the HOME-assisted project. Where the paid employees of the organization do not demonstrate capacity to develop a HOME-assisted project alone, the experience of paid employees may be supplemented by board members or officers of the organization that are volunteers. If a nonprofit organization is demonstrating capacity using a volunteer board member's or officer's experience, the volunteer may not be compensated by or have their services donated by another organization.	92.2 CHDO Definition (9)	Yes	No
<b>CHDO ROLE</b>			
<b>5. CHDO Set-aside Project</b> CHDOs can undertake either homebuyer or rental projects, as described below, with CHDO set-aside funds:		Yes	No
5.1. Homebuyer projects in accordance with 92.254 To qualify under CHDO set-aside must meet 5.1.1 and 5.1.2:		Yes	No
5.1.1. Developer: The organization is or will be the owner in fee simple and the developer of new or rehabilitated units for sale to low-income buyers	92.300(a)(6)	Yes	No
5.1.2. The organization will control the development process including, at a minimum, arranging financing for the project and being in sole charge of construction.	92.300(a)(6)(i)	Yes	No
<b>CHDO CERTIFICATION</b>			
Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729. Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/ We further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document. Title 18, Section 1001 of the U.S. Code states that a person is guilty of a FELONY if he/she knowingly and willfully makes a false statement to any department of the United States Government.			
<b>6. CHDO Certification</b>			
6.1. The organization has met CHDO regulatory thresholds as defined at 92.2 and has met the following additional City threshold requirements for CHDO certification.		Yes	No
6.1.1. Maintain a physical office within the community it serves in the incorporated area of the City of Houston, that is open for business and accessible to potential homebuyers during customary business hours.		Yes	No
6.1.2. Have an established means of notifying the community it serves at least 72 hours before scheduled board meetings.		Yes	No
6.1.3. Maintain and provide copies of board meeting minutes and any information that includes input from Low-Income Family residents regarding affordable housing design, location, etc., upon request.		Yes	No

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6.1.4.	In addition to the required one-third low-income representation, at least one-third of the Board members are required to be residents of the Houston Metropolitan Statistical Area.	Yes	No
6.1.5.	Not be debarred, suspended, or otherwise excluded from or ineligible to participate in federally, state, or locally funded programs.	Yes	No
6.1.6.	<div> <div>Have a record of good standing with:</div> <div> <div>6.1.6 (a) The City Of Houston.</div> <div> <div>6.1.6 (a) (i) Have no unpaid tax liens.</div> <div>6.1.6 (b) (ii) Have no history of non-compliance with any City of Houston funded projects within the last seven years.</div> </div> </div> </div>	Yes	No
6.1.7.	<div> <div>The Texas Secretary of State's Office.</div> <div>6.1.7 (a) Have a Certificate of Account Status from the Texas Comptroller of Public Accounts.</div> </div>	Yes	No
Signature		Date	
Name		Title	