**Application for CHDO Certification**

**Kentucky Housing Corporation**

*A balance of state Participating Jurisdiction for*

*HUD’s HOME Investment Partnerships Program*



Kentucky Housing Corporation

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*Original document drafted for HUD by TDA Consulting, Inc.*

## **Overview**

The National Affordable Housing Act of 1990 (the Act) created the HOME Investment Partnerships Program (HOME). The Act’s objectives include promoting partnerships between states, local governments, and nonprofit organizations. A “community housing development organization” (CHDO) is a specific kind of community based nonprofit housing organization defined by the HOME Final Rule (24 CFR Part 92). CHDOs have a distinct and special status within HOME. Each Participating Jurisdiction (KHC) must set-aside at least 15% of its total HOME award each year for specifically for projects that will be owned, developed, or sponsored by CHDOs.

At a high level, the CHDO definition can be grouped into four key elements. To be recognized as a CHDO, an organization must be:

* A legally incorporated tax-exempt nonprofit organization;
* An independent organization free of undue control by for-profit or governmental entities;
* Accountable to the low-income community it serves; and
* Capable of undertaking the development of affordable housing.

The evaluation of whether an organization can be designated as a CHDO always takes place in the context of awarding funds from the CHDO set-aside—that is in consideration of a housing project that is being or is likely to be funded. The Rule requires that a KHC certify that an organization meets the CHDO definition “each time it commits funds to the organization.”

The evaluation of an organization’s capacity is closely connected to the organization’s role as an “owner,” “developer,” or “sponsor” of affordable housing. Those terms are carefully defined in the HOME regulation at §92.300(a)(2)-(6) and require that the CHDO be solely in charge of the project.

This application for CHDO Certification was developed to assist KHC in evaluating whether or not an organization can be certified as a CHDO. It is intended to accompany an application for project funding and, alone, does not provide all information KHC will need to evaluate and underwrite the project itself.

## **Instructions**

Prospective CHDOs should complete Sections 1-2 of this application, sign the certification in Section 3, and provide all applicable required attachments in Section 4.

As explained again at the beginning of Section 2, attachments should be highlighted by the prospective CHDO to mark key sections of core organizational documents (for example, highlighting where the document addresses the topic) to aid KHC’s review.

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| **Section 1: CHDO Role & Project Information** | |
| ***CHDO Role—****Indicate the prospective CHDO’s role in the proposed project.*  The prospective CHDO will act as the *(choose only one):*  **Developer** of homebuyer housing  **Sponsor** of homebuyer housing  **Owner** of rental housing  **Developer** of rental housing  **Sponsor** of rental housing—CHDO Affiliate will act as Owner  **Sponsor** of rental housing—CHDO Affiliate will act as Developer  **Sponsor** of rental housing—Turnkey Sponsor | |
| **Section 2: CHDO Definition** | |
| *In this section, the applicant should indicate which attached document(s) provide evidence for specific threshold criteria. Additionally, the applicant should indicate where in the attached document the applicable provision can be found. Finally, as appropriate, please highlight the relevant sections of each document.* ***EXAMPLE****:*   |  |  | | --- | --- | | *KHC Determination*  *Criterion Met:*  Yes No  ***[This box for KHC Use Only]*** | *Documentation submitted to demonstrate this item:*   * Articles of Incorporation/Charter; OR * By-laws; OR [“S***ee highlighted section on pg 7 of By-laws for board member requirements” – noted by applicant for KHC staff review]*** * Resolutions | | |
| **Part A: Legal Status** | |
| 1. ***Requirement***   **The nonprofit organization is organized under State or local laws [§92.2 CHDO definition paragraph (1)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * Attach Certificate of Good Standing (print out of KY Secretary of State website (<https://app.sos.ky.gov/ftsearch/> - type in name of organization and print screen showing Status as A-Active and Standing as G-Good) showing organization is registered and in good standing |
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| 1. ***Requirement***   **The organization must have among its purposes, as evidenced in its articles of incorporation, resolutions or by-laws, the provision of decent housing that is affordable to low- and moderate-income people [§92.2 CHDO definition paragraph (7)]** | | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * Articles of Incorporation/Charter; OR * By-laws; OR * Resolutions | |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | | |
| 1. ***Requirement***   **No part of the organization’s net earnings may inure to the benefit of any member, founder, contributor, or individual [§92.2 CHDO definition paragraph (2)] AND the organization is not controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization [§92.2 CHDO definition paragraph (3)]** | | |
| *KHC Determination*  *Criterion Met:*  Yes No | | *Documentation submitted to demonstrate this item:*   * Articles of Incorporation/Charter; OR * By-laws; OR * A Memorandum of Understanding (MOU) with any “parent” organization. |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | | |
| 1. ***Requirement***   **The organization must be a recognized nonprofit by virtue of:**   1. **Having a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986; OR** 2. **Is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code; OR** 3. **Is a wholly-owned entity that is a disregarded entity separate from its owner for tax purposes and is owned by entity with a tax exemption ruling from the IRS under Section 501(c)(3) or 501(c)(4).**   **[§92.2 CHDO definition paragraph (4)]** | | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item*:   * 501(c)(3) or (4) ruling or current conditional designation from the IRS; OR * A group exemption letter from the IRS under Section 905 that includes the organization | |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | | |

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| 1. ***Requirement***   **The organization is not a governmental entity (such as a participating jurisdiction, other jurisdiction, Indian tribe, public housing agency, Indian housing authority, housing finance agency, redevelopment authority, zoning board or commission), was not created and is not controlled by a governmental entity. [§92.2 CHDO definition paragraph (5)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * *501(c)(3) or (4) ruling; AND* * Articles of Incorporation/Charter; AND * Board Roster |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked documents were previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |

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| **Part B: Accountability to Low Income Community** | |
| ***6. Requirement***  **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 paragraph (8)(i)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * By-Laws, OR * Articles of Incorporation/Charter, OR * Board Resolution OR * Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; AND * Map/description of service area |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked documents were previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |

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| ***7. Requirement***  **The organization must maintain accountability to low-income community residents by reserving at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations [§92.2 CHDO definition paragraph (8)(i)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * By-Laws, * Articles of Incorporation/Charter, **OR** * Current Board Roster indicating which members meet this criterion |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |
| ***8. Requirement***  **The organization must maintain accountability to low-income community residents by having a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing projects [§92.2 CHDO definition paragraph (8)(ii)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * By-laws, OR * Board Resolutions, OR * Policies and procedures regarding the process, OR * Statement signed by the chief executive officer describing input sought and received on the current project proposal |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |
| ***9. Requirement***  **The organization must have a history of serving the community within which housing to be assisted with HOME funds is to be located [§92.2 CHDO definition paragraph (10)]**  The prospective CHDO must be able to show one year of serving the community prior to the date KHC provides HOME funds to the organization. The organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. Regional organizations should highlight service history in the specific local community where proposed CHDO project is located. | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * Informational materials (e.g. brochures, pamphlets, yearly reports) explaining the organization’s services and length of existence; OR * A statement that documents at least one year of experience in serving the community by the organization, or if newly formed, by the organization’s nonprofit parent organization. |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |
| **Part C: Capacity** | |
| ***10. Requirement***  **The organization must conform to the financial accountability standards of 2 CFR 200.302 ‘Financial Management’ and 200.303 ‘Internal Controls’ [§92.2 CHDO definition paragraph (6)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * A notarized statement by the president or chief financial officer of the organization; OR * A certification from a Certified Public Accountant. |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |

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| ***11. Requirement***  **The organization must have demonstrated capacity appropriate to the organization’s role under §92.300 and to the nature of the proposed or anticipated project. This capacity must be satisfied by having paid employees with housing experience appropriate to the project or, for the first year of funding as a CHDO, by having a qualified consultant who will train the organization’s paid employees. [§92.2 CHDO definition paragraph (9)]** | |
| *KHC Determination*  *Criterion Met:*  Yes No | *Documentation submitted to demonstrate this item:*   * CHDO Staff Roster, with resumes or description of experience for staff assigned to development project. |
| **CERTIFICATION OF APPLICANT***:*   * *I hereby certify that the above-checked document was previously submitted to KHC to demonstrate this CHDO requirement and that it has not changed since that previous submission.* | |

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| **Section 3: Certification** | |
| As the Chief Executive Officer of the organization named in this application for CHDO Certification, I **hereby certify** that all the information contained in this application is true and correct and that accurate versions of required attachments have been provided as part of this application. I acknowledge that submission of materially false or misleading information is grounds for rejection of this application and any funding applications. | |
| **Signature:** | **Date:** |
| **Printed Name:** | |

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| **Section 4: Required Attachments** |
| Required attachments should be titled or labeled. **As noted in instructions to Section 3 above, key sections of Articles, Bylaws, or other documents that highlight specific CHDO definitional elements should also be highlighted in the attachments**.   1. Articles of Incorporation/Charter 2. Current Bylaws 3. Certificate of Good Standing 4. IRS Nonprofit Designation letter 5. Map highlighting, or written description of, the community being served by the project 6. Current Board Roster must indicate LI representatives and public official/employee status 7. Adopted policy (e.g. board resolution) or statement outlining input process, including documentation such as notes/minutes/reports of input received on proposed project(s) 8. Corporate profile for prospective CHDO describing at least one year’s history of providing service within the organization’s service area; regional organizations should highlight service history in the specific local community where proposed CHDO project is located 9. CHDO Staff Roster 10. Resumes/biographies for staff assigned to proposed CHDO project 11. 2 CFR 200.302 and 200.303 Financial Standards Certification/Documentation 12. Current operating budget 13. Most recent IRS Form 990 14. Strategic plan, business plan, or annual report including description of ongoing and pipeline projects |

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| **Section 5: KHC Preliminary Determination** | |
| ***This section for KHC Use only***  ***KHC Determination:***  The organization meets initial CHDO Threshold requirements, including the capacity requirement as demonstrated by the application and associated attachments,  The organization will not be preliminarily designated as a CHDO at this time for the following reasons:   * The organization has failed to meet and/or document compliance with the threshold criteria as indicated in the notes below and/or * Staff does not have the necessary capacity given the project proposed by the organization.   *Other Notes:* | |
| ***Signature of KHC HOME Administrator:*** | ***Date:*** |