

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 each organization is eligible to be certified as a CHDO. 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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
2.4. If the organization was created by a for-profit entity, then 2.4.1 through 2.4.4 apply:		Applicable
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)	Applicable
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)	Applicable
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)	Applicable
2.4.4. The organization must be free to contract for goods & services with others.	92.2 CHDO Definition (3)(iii)	Applicable

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3. Accountability to the Low Income Community		
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)	Applicable
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)	Applicable
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)	Applicable
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)	Applicable
4. Capacity		
4.1. The organization has financial management systems that conform to 2 CFR 200.302 and 200.303	92.2 CHDO Definition (6)	Applicable
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 4.1.1. below.)	92.2 CHDO Definition (9)	Applicable
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)	Applicable
CHDO ROLE		
5. CHDO set-aside project CHDOs can undertake either homebuyer or rental projects, as described below, with CHDO set-aside funds:		Applicable
5.1. Homebuyer projects in accordance with §92.254 To qualify under CHDO set-aside must meet 5.1.1 and 5.1.2:		Applicable
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)	Applicable
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)	Applicable

CHDO CERTIFICATION			
6. CHDO Certification			
6.1. The organization meets all CHDO regulatory thresholds and one of the following:			
6.1.1. The organization qualifies for a project that meets the project eligibility requirements of 92.300 for a reservation of CHDO set-aside funds.			
Signature:		Date:	
Name:		Title:	