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County Executive

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Chief Development Officer

August 11, 2014

Community Housing Development Organizations.

As stated in the HOME regulation (92.300 (a)(1), Wayne County is required to reserve not less than 15% of their HOME allocation for investment in housing to be developed, sponsored or owned by CHDO's. A CHDO is a special type of non-profit organization that meets the following requirements:

- Has a governing board consisting of not less than one-third-income persons and not more than one-third public officials.
- Has a 501(c) (3) or (4) ruling from the IRS.
- Has demonstrated a capacity for carrying out activities assisted with HOME funds.
- Has a history of serving the community in which the HOME assisted housing is to be located for a minimum of one year.
- Has among its purpose the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws.

Wayne County must identify non-profit organizations and certify these organizations as CHDOs using the guidelines given in CPD notice 97-11. If your organization is interested in becoming a CHDO and would like to apply for these funds, please review the attached checklist for the definition of a CHDO. The checklist will assist us in identifying your organization to certify or re-certify as a CHDO. Please submit your information by September 30th, 2014 to Stephanie Cayce at the address below. Funding will be made available this fall, 2014

If you have any questions, please feel free to contact me.

Sincerely,

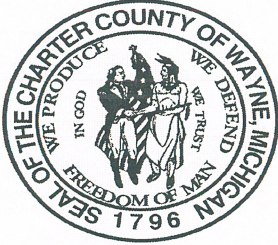

Stephanie Cayce

EDGE/ Wayne County Community Development

WAYNE COUNTY

ECONOMIC DEVELOPMENT GROWTH ENGINE

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WAYNE COUNTY "CHDO" CHECKLIST

The information contained in this checklist refers to the definition of Community Housing Development Organization (CHDO). This checklist is a tool to identify the documents that Wayne County must receive from the nonprofit before it may be certified as a CHDO.

I. LEGAL STATUS

- A. The nonprofit organization is organized under State or local laws, as evidenced by:
- ☐ A Charter, OR
 - ☐ Articles of Incorporation
- B. No part of its net earnings insure to the benefit of any member, founder, contributor, or individual, as evidenced by:
- ☐ A Charter, OR
 - ☐ Articles of Incorporation
- C. Has a tax exempt ruling from the Internal Revenue Service (IRS) under Section 501 (c) of the Internal Revenue Code of 1986, as evidenced by:
- ☐ A 501(c)3 Certificate from the IRS or 4
- D. Has among its purposes the provision of decent housing that is affordable to low and moderate-income people, as evidenced by a statement in the organization's:
- ☐ A Charter, OR
 - ☐ Articles of Incorporation
 - ☐ By-laws, OR
 - ☐ Resolutions
 - ☐ A HUD approved audit summary

II. CAPACITY

- A. Conforms to the financial accountability standards of Attachment F of OMB Circular A-110, "Standards for Financial Management Systems," as evidenced by:
- ☐ A notarized statement by the president or chief financial officer of the organization;
 - ☐ A certification from a Certified Public Accountant; OR
 - ☐ A HUD approved audit summary
- B. Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:
- ☐ Resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds, OR
 - ☐ Contract(s) with consulting firms or individuals who have housing experience similar to projects to be assisted with HOME funds to train appropriate key staff of the organization.

- C. Has a history of serving the community where housing to be assisted with HOME funds will be used, as evidenced by:

____ Statement that documents that at least one year of experience in serving the community, OR
For newly created organizations formed by local churches, service, or community organizations,
____ a statement that documents that its parent organization has at least one year of experience in serving the community.

IIA CHDO STAFF CAPACITY

Must have paid staff with demonstrated capacity appropriate to CHDO's roles.

can be full- time or part time

Can use independent contractor (s)

Cannot meet capacity requirements based on use of volunteers, donated staff, share staff or board members.

Use of consultants to demonstrate capacity ONLY during the 1st year of operations as a CHDO

Staff must have experience/capacity relevant to project and role as owner, developer, or sponsor.

CHDO as owner: Staff must have capacity to act as owner.

Can hire contractor to assist in oversight of the development process.

of development process.

CHDO as Developer or Sponsor: Staff must have development experience on project of similar scope or complexity.

III. ORGANIZATIONAL STRUCTURE

- A. Maintains 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, as evidenced by the organization's:

____ A Charter, OR

____ Articles of Incorporation

____ By-laws, OR

- B. Provides a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of all HOME-assisted affordable housing projects, as evidenced by:

____ A Charter,

____ By-laws, OR

____ A written statement of operating procedures approved by the governing body

- C.

A CHDO may be chartered by a State or local government, however, the State or local government may not appointment: (1)more than one-third of the membership of the organization's governing body; (2)the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and (3)no more than one-third of the governing board members are public officials, as evidenced by the organization's:

____ A Charter, OR

____ Articles of Incorporation

____ By-laws, OR

- D. If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the CHDO's:

____ A Charter, OR

- ☐ Articles of Incorporation
- ☐ By-laws, OR

IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES

- A. CHDO is not controlled, nor receives directions from individuals or entities seeking profit from the organization, as evidenced by:
 - ☐ By-laws, OR
 - ☐ A Memorandum of Understanding (MOU)
- B. A CHDO may be sponsored or created by a for-profit entity, however:
 - (1) The for-profit entity's primary purpose does not include the development or management of housing, as evidenced by the CHDO's:
 - ☐ The for-profit organization's By-laws

AND:
- C. (2) The CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced by the CHDO's:
 - ☐ A Charter, OR
 - ☐ Articles of Incorporation
 - ☐ By-laws, OR
- D. CHDO/ Parent Relationships:
 - For- Profit and governmental entities as parent organizations:
 - New Rule adds prohibition against officers or employees of the CHDO(except for the permitted 1/3 of CHDO board members)
- E. For Governmental or Public Parents Organizations:
 - Includes PJs, public housing agencies, HFAs, redevelopment authorities, Indian Tribes
 - Officers or employees of the governmental entity may not serve as officers or employees of a CHDO (except for the permitted 1/3 of CHDO board members)
- F. Own, Develop or Sponsor:
 - Own Developer, Sponsor roles codified in rule for first time at 92.00 (a) (2)- (6)
 - A CHDO must demonstrate capacity inrelation to it's roles.
- G. CHDO as Owner :
 - CHDO acts as owners on rental housing that is does not develop.
 - CHDO is owner in fee simple or has long-term ground lease during development and affordability period.
 - CHDO acquires standard housing, or hires project manager or contracts with developer to perform rehab or construction.
- H. CHDO as Developer:
 - CHDO owns (In fee simple absolute or holds long-term ground lease) and develops housing.
 - CHDO arranges financing and is in sole charge of construction or rehab.
 - For Homebuyers Projects:
 - CHDO owns, rehabs, or constructs,then sells property.
- I. Written Agreement with CHDO must Include:
 - Actual sales price or method for determining it.
 - Disposition of processed of sale (return to PJ or permit CDHO to retain) and use of proceeds

if CHDO will retain.

J. For Rental Projects:

CHDO owns the during development and throughtout period of affordability and perfoms all development activities.

K. CHDO as Sponsor:

CHDO's can sponsor rental housing in 2 ways:

1. CHDO developers rental housing on behalf of another non-profit or CHDO and transfers title after completion.

Conveyed at pre-determined time to pre-indentified nonprofit/ CHDO

2. Rental housing is "sponsored" by a CHDO if owner owned or developed by a:

For-profit or non-profit that is wholly-owned subsidiary of the CHDO.

Limited partnership (LP) of which the CHDO or it's subsidiary is the sole general partner; or
Limited liability company (LLC) of which the CHDO or it's subsidiary is the sole managing member.

Written agreement must be signed by PJ and entity that will own the project.

If the partnership agreement permits removal of CHDO as sole managing member or partner removal must only be permitted for cause.

Partnership agreement must specify that CHDO must be replaced with another CHDO.

V. ADDITIONAL QUESTIONS

yes or no

Can the non-profit deliver a Certificate of Good Standing or other documents from the State?

Comments

yes or no

Does the non-profit have a documented service area consistent with its CHDO activities?

Comments

yes or no

Has the non-profit produced a strategic plan that specifies an action plan for housing development?

Comments

yes or no

Do board and staff exhibit shared commitment to its housing development mission?

Comments

Comments