



# CHDO CERTIFICATION APPLICATION 2015



City of Joliet  
Neighborhood Services Division  
150 West Jefferson Street  
Joliet, IL 60432  
(815) 724-4089

## **I. BACKGROUND**

The National Affordable Housing Act of 1990 created the HOME Investment Partnerships Program (HOME). The objectives of the HOME Program include providing decent affordable housing to lower-income households, expanding the capacity of nonprofit housing providers and strengthening the ability of state and local governments to provide housing. As a participating jurisdiction (PJ) the City of Joliet is required to set aside at least 15% of each annual HOME allocation for housing that is owned, developed or sponsored by Community Housing Development Organizations (CHDOs). A CHDO is a specific type of nonprofit organization with qualified staff and capacity to develop affordable housing for the community it serves. Home regulations at 24 CFR 92.2 defines the criteria that an organization must meet to qualify as a CHDO.

This summary for CHDO certification covers the following topics:

- CHDO HOME Program definition of a CHDO
- Criteria for qualifying as a CHDO
- CHDO set-aside and roles
- CHDO application and certification process

This application provides the necessary information to apply for Community Housing Development Organization (CHDO) Certification. The information contained in this application refers to the definition of a CHDO in the HOME Final Rule at 24 CFR Part 92, Subpart A. More information and guidance on the HOME Program and the Final Rule may be obtained at: <https://www.hudexchange.info/home>

## **II. DEFINITION OF A CHDO**

HOME regulations at 24 CFR 92.2 defines the criteria that a nonprofit organization must meet to qualify as a CHDO including:

Legal Structure  
Independence  
Accountability to the Low-Income Community  
Capacity and Experience

## **III. QUALIFYING REQUIREMENTS FOR CHDOs**

### **A. Legal Status**

- The organization must be organized under state and local law.
- One of the purposes of the organization must be the provision of decent housing that is affordable to low-income and moderate-income persons.
- No part of the organization's net earnings may inure to the benefit of any member, founder, contributor or individual.

- The organization cannot be under the control or direction of any individual or entities seeking to derive profit or gain from the CHDO.
- The organization must have a clearly defined geographic service area that includes the City of Joliet.
- The organization must have a tax exemption ruling from the Internal Revenue Service under Section 501(c) of the Internal Revenue Code of 1986.

## **B. Independence**

- A governmental entity cannot be designated as a CHDO.
- Nonprofits that have been created by other nonprofits, charities, religious organizations, local or state government, public agencies or for-profit corporations may qualify as CHDOs, but additional requirements and board limitations apply.

## **C. Accountability to the Low-Income Community**

- At least one-third of the board must be representatives of the low-income community. There are three ways to meet this requirement:
  - Residents of low-income neighborhoods in the community
  - Low-income residents of the community
  - Elected representatives of low-income neighborhood organizations
- No more than one-third of the board may consist of representatives of the public sector/represent a governmental entity, which include:
  - Elected official of the PJ
  - Appointed public official of the PJ
  - All employees of governmental entities
  - An individual appointed by a public official of the PJ
- The balance of the board membership is unrestricted.
- The organization must also involve low-income program beneficiaries in the affordable housing design, location of sites, development and management process.

## **D. Capacity and Experience**

- The organization must have at least one year of experience serving the community where it intends to develop the HOME-assisted housing.
- The organization must have experienced key paid staff that has successfully completed projects similar in size, scope and complexity to those being proposed.
- The organization must have financial accountability standards that conform to 24 CFR 84.21, "Standards for Financial Management Systems."

## **IV. CHDO SET-ASIDE**

At least 15% of the City's HOME allocation must be invested in housing developed, owned or sponsored by a CHDO. Eligible activities that count toward the 15% set-aside are:

- Acquisition and/or rehabilitation of rental housing.
- Acquisition and management of standard rental housing.
- New construction of rental housing.
- Acquisition and/or rehabilitation of homebuyer properties.
- New construction of homebuyer properties.
- Direct financial assistance to purchasers of HOME-assisted housing developed by a CHDO with HOME funds.

## **V. CHDO ROLES**

The 15% CHDO set-aside can only be used for housing owned, developed or sponsored by a CHDO.

### **A. CHDO AS OWNER**

- Rental Housing: The CHDO is the owner in fee simple absolute or has a long-term ground lease of multifamily or single family housing that is rented to low-income families. The CHDO must solely own the rental housing during development and throughout the period of affordability, and is required to oversee all aspects of the development process. A CHDO is also permitted to acquire housing that is in standard condition (and meets the property standards at §92.251) provided it owns the housing throughout the affordability period.
- Homebuyer Housing: The CHDO role of owner is not applicable to homebuyer housing developed with HOME Program funds.

### **B. CHDO AS DEVELOPER**

- Rental Housing: The CHDO is the owner of multifamily or single family housing in fee simple absolute or has a long term ground lease and the developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for rent to low-income families. The CHDO must be in sole charge of all aspects of the development project and must own the housing during development and for a period at least equal to the period of affordability.
- Homebuyer Housing: The CHDO is the owner in fee simple absolute and developer of new housing that will be constructed or existing substandard housing that is owned or will be acquired by the CHDO and rehabilitated for sale to low-income families. The CHDO must arrange financing for the project and be in sole charge of construction. As part of its set-aside funds, the CHDO can provide direct downpayment assistance to a buyer of the housing it has developed with HOME funds in an amount not to exceed 10% of the amount of HOME development funds.

### **C. CHDO AS SPONSOR**

- Rental Housing: The CHDO sponsors rental housing when the property is owned or developed by a wholly owned nonprofit or for-profit subsidiary of the CHDO, a

limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner, or a limited liability company of which the CHDO or its wholly owned subsidiary is the sole managing member.

The subsidiary acting as the sole general partner or sole managing member may be a for-profit or nonprofit organization and must be wholly owned by the CHDO. If the partnership agreement for a limited partnership or the operating agreement for a limited liability company allows the CHDO to be removed as sole general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.

- Homebuyer Housing: The CHDO role of sponsor is not applicable to homebuyer housing developed with HOME Program funds.

For a more detailed description of the CHDO roles, please consult the current HOME Final Rule at 24 CFR §92.300.

## **VI. APPLICATION PROCESS**

To obtain CHDO certification, a nonprofit organization must complete the attached application, CHDO checklist and exhibits, as well as provide the supporting documentation requested. Please submit one original copy of the enclosed certification in a three ring binder using the following tab headings:

**Tab 1: Completed CHDO Checklist, Map of Service Area**

**Tab 2: Charter, Articles of Incorporation, tax-exempt ruling from IRS, By-laws, and Resolutions**

**Tab 3: Board of Director list, Board Member Certifications, Conflict of Interest Compliance**

**Tab 4: Narratives describing experience and capacity, resumes, W-2 or payroll report for key staff involved in housing development and contracts, W-9 and 1099 for contract staff (if applicable)**

If you have any questions, please contact Vicki Martell, Housing Finance Specialist, at 815-724-4089 or via e-mail at [vmartell@jolietcity.org](mailto:vmartell@jolietcity.org).

Please complete and return the enclosed certification application, CHDO checklist, exhibits and supporting documentation to:

City of Joliet Neighborhood Services Division  
Attn: Vicki Martell  
150 West Jefferson Street  
Joliet, IL 60432

**CITY OF JOLIET  
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)  
CERTIFICATION APPLICATION**

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Name of Organization

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Chief Executive Officer Name

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Address

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City

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State

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Zip Code

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Federal Tax I.D. Number

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DUNS Number

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Contact Person (if different from above)

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Position with Organization

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Telephone Number

---

Email Address

---

Fax Number

By my signature below, I hereby certify that the information contained herein is true and correct, to the best of my knowledge and belief, and that I have reviewed the written information provided as support documentation.

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Chief Executive Officer

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Date

# CITY OF JOLIET

## CHDO CERTIFICATION CHECKLIST

Please complete the applicant portion of this checklist. Include the requested information in the Attachments indicated and check off the item in the checklist. **If any of these criteria are not met, then the funding request cannot be accepted and the application for funding will not be processed any further.**

CHECKLIST	COJ Use Only	
Legal Status	Adequate	Deficient
<p>The nonprofit organization is organized under State or local laws, as evidenced by <b>Attachment A</b>:</p> <p><input type="checkbox"/> A Charter OR</p> <p><input type="checkbox"/> Articles of Incorporation</p>		
<p>The nonprofit organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced by <b>Attachment B</b>:</p> <p><input type="checkbox"/> Charter</p> <p><input type="checkbox"/> Articles of Incorporation</p> <p><input type="checkbox"/> By-laws OR</p> <p><input type="checkbox"/> Resolutions</p>		
<p>No part of the nonprofit organization's net earnings inure to the benefit of any member, founder, contributor or individual, as evidenced by <b>Attachment C</b>:</p> <p><input type="checkbox"/> A Charter OR</p> <p><input type="checkbox"/> Articles of Incorporation</p>		
<p>The nonprofit organization is not controlled, nor receives direction from any individual or entity seeking profit or gain from the organization, as evidenced by <b>Attachment D</b>:</p> <p><input type="checkbox"/> Organization's By-laws OR</p> <p><input type="checkbox"/> Memorandum of Understanding</p>		
<p>The nonprofit organization has a clearly defined geographic service area, which includes the City of Joliet as evidenced by <b>Attachment E</b>:</p> <p><input type="checkbox"/> Attached Map</p> <p><input type="checkbox"/> Detailed written description of the service area boundaries</p>		

<p>The nonprofit organization has a tax exemption ruling from the Internal Revenue Service under Section 501(c) of the Internal Revenue Code of 1986, as evidence by <b>Attachment F:</b></p> <p>_____ A 501(c)(3) or (4) certificate from the IRS OR  _____ A group exemption letter under Section 905 from the IRS that includes the nonprofit organization</p>		
<p><b>Independence</b></p>	<p><b>Adequate</b></p>	<p><b>Deficient</b></p>
<p>A State or local government and/or a public agency cannot qualify as a CHDO. If the nonprofit organization is created by a State or local government and/or public agency, the governmental entity cannot appoint (1) more than one-third of the membership of the nonprofit organization’s governing board; (2) the board members appointed by the governmental entity cannot, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members can be government elected officials, appointees of the government or employees of a governmental entity, as evidenced by <b>Attachment G:</b></p> <p>_____ Charter  _____ Articles of Incorporation  _____ By-laws  _____ Not applicable – nonprofit organization not created by State or local government and/or public agency</p>		
<p>If the nonprofit organization is created by a for-profit entity, the for-profit entity’s primary purpose does not include the development or management of housing as evidenced by <b>Attachment H:</b></p> <p>_____ The for-profit organization’s By-laws                    <b>AND</b></p> <p>The nonprofit organization is free to contract for goods and services from vendors of its own choosing, as evidenced by <b>Attachment I:</b></p> <p>_____ Charter  _____ Articles of Incorporation OR  _____ By-laws</p>		
<p>If the nonprofit organization is created by a for-profit entity, the for-profit entity cannot appoint (1) more than one-third of the membership of the nonprofit organization’s governing board; (2) the board members appointed by the for-profit entity cannot, in turn, appoint the remaining two-thirds of the board members; and (3) the officers and employees of the for-profit are not officers or employees of the nonprofit organization, as evidenced by <b>Attachment J:</b></p> <p>_____ Charter  _____ Articles of Incorporation OR  _____ By-laws  _____ Not applicable – nonprofit organization not created by for-profit entity</p>		



<p>If the nonprofit organization is created by a religious or faith-based organization, the nonprofit organization is a separate secular entity with membership available to all persons, regardless of religion or membership criteria as evidenced by <b>Attachment K</b>:</p> <p>_____ Charter  _____ Articles of Incorporation OR  _____ By-laws  _____ Not applicable – nonprofit organization not created by religious or faith-based organization</p>		
<p><b>Accountability to Low-Income Community</b></p>	<p><b>Adequate</b></p>	<p><b>Deficient</b></p>
<p>The non-profit organization maintains at a minimum, 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 <b>Attachment L</b>:</p> <p>_____ Charter  _____ Articles of Incorporation OR  _____ By-laws <b>AND</b>  _____ Certification of Low-Income Representation (<b>Exhibit A – must be completed by all board members</b>)</p>		
<p>The nonprofit organization provides a formal process for low-income program beneficiaries to advise the nonprofit organization in its decisions regarding the design, siting, development and management of affordable housing, as evidenced by <b>Attachment M</b>:</p> <p>_____ By-laws  _____ Resolutions OR  _____ Written statement of operating procedures approved by the governing body</p>		
<p>The nonprofit organization maintains at a maximum, one-third of its governing board's membership for representatives of the public sector/represent a governmental entity, as evidenced by <b>Attachment N</b>:</p> <p>_____ Charter  _____ Articles of Incorporation OR  _____ By-laws <b>AND</b>  _____ Certification of Public Sector Representation (<b>included in Exhibit A</b>)</p>		

<b>Capacity and Experience</b>	<b>Adequate</b>	<b>Deficient</b>
<p>The nonprofit organization has at least one year of experience serving the community where it intends to develop the HOME-assisted housing, as evidenced by <b>Attachment O</b>:</p> <p>_____ Statement that describes its history of developing new housing, rehabilitating existing housing, managing housing or other non-housing services provided the community.</p> <p>A newly created organization can meet this requirement if the parent or sponsoring organization is a nonprofit that has provided services to the community for at least one year.</p>		
<p>The nonprofit organization has experienced key paid staff that has successfully completed projects similar in size, scope and complexity to those being proposed, as evidenced by <b>Attachment P</b>:</p> <p>_____ Narrative description of staff capacity and experience <b>AND</b>  _____ Resumes and job descriptions for key staff <b>AND</b>  _____ Payroll report, W-2  _____ A contract for employment and a W-9 and 1099 for contract staff</p> <p>For its first year of funding as a CHDO, the nonprofit organization can satisfy this requirement through a contract with a consultant who has housing development experience and will advise and train appropriate key staff of the organization, as evidenced by <b>Attachment Q</b>:</p> <p>_____ A contract for employment and a W-9 and 1099 for contract staff</p>		
<p>The nonprofit organization has financial accountability standards that conform to 24 CFR 84.21, "Standards for Financial Management Systems," as evidenced by <b>Attachment R</b>:</p> <p>_____ A notarized statement by the Executive Director OR  _____ A certification from a Certified Public Accountant</p>		

## Exhibit A: Certification of Low-Income and Public Sector Representation

Select Only One:

**Resident of a Low Income Area**

I am a resident of a community where at least 51% of the households have incomes less than 80% of area median income. I reside at \_\_\_\_\_, \_\_\_\_\_, My home is located in census tract \_\_\_\_\_, block group \_\_\_\_\_. (The City of Joliet will complete the census tract and block group information.)

**Low-Income Household Member**

I am a member of a household that has a combined income which is less than 80% of the area median income, per the following 2014 income limits:

Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Household Income	\$40,550	\$46,350	\$52,150	\$57,900	\$62,550	\$67,200	\$71,800	\$76,450

**Elected Representative of a Low-Income Group**

I am an elected representative of \_\_\_\_\_, a neighborhood organization located at \_\_\_\_\_, \_\_\_\_\_. The membership of this neighborhood organization is open to all residents of a defined neighborhood in which at least 51% of the households have incomes less than 80% of the area median income. The neighborhood organization's primary purpose is to serve the interests of the neighborhood residents. The neighborhood organization is located in census tract \_\_\_\_\_, block group \_\_\_\_\_. (The City of Joliet will complete the census tract and block group information.) My position on our governing board is primarily as a representative of that neighborhood organization. I have attached a copy of the signed resolution from the neighborhood organization naming me as their representative to the nonprofit organization.

**Not a Low-Income Representative**

**Elected Official, Appointed Public Official or Government Employee**

I currently am an elected or appointed public official of the City of Joliet, an employee of a governmental entity or an individual appointed by a public official of the City of Joliet.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

PLEASE NOTE: If a person qualifies as a low-income representative and a public sector representative, their role as a public sector representative supersedes their residency or income status. In other words, the board member will be qualified under the one-third public sector limitation.



## Exhibit C: Conflict of Interest Policy

The HOME Rule includes a conflict of interest provision found in §92.356 which is applicable to for-profit and nonprofit owners, developers or sponsors of HOME–assisted housing. This provision states that no owner, developer or sponsor of HOME-assisted housing, including their officers, employees, agents, consultants, elected or appointed officials or immediate family members may occupy a HOME-assisted unit in a project during the required affordability period specified in §92.252(e) or §92.254(a)(4). This provision does not apply to:

- An individual who receives HOME funds to acquire or rehabilitate his or her principal residence
- An employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

The provision further prohibits any person who is an employee, agent consultant, officer, or elected official or appointed official of the nonprofit organization receiving HOME funds, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter from:

- Obtaining a financial interest or financial benefit from a HOME-assisted activity.
- Having a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity.
- Having a financial interest in the proceeds from such HOME-assisted activity.

As the Executive Director of \_\_\_\_\_, I certify that all employees and members of the governing Board of Directors are in compliance with the Conflict of Interest provisions found in §92.356 and specifically described herein.

\_\_\_\_\_  
Signature of Chief Executive Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name