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# DuPage County

## 2021 CHDO Certification Application Instructions

At least 15% of the DuPage County Community Development Commission (CDC) HOME allocation must be set aside for specific activities to be undertaken by a special type of nonprofit called a **Community Housing Development Organization (CHDO)**. A CHDO is defined as a private nonprofit, community-based service organization that has obtained staff with the capacity to develop affordable housing for the community it serves. Per the Final Rule published 7-23-13, CHDO's, CHDO's may be owners, developers, or sponsors. (92.300(a) (See attached sheet for definitions of these roles.)

One of the goals of the DuPage County CDC HOME/CDBG Housing fund is to strengthen the capacity of CHDO's to successfully develop affordable housing projects throughout DuPage County. Before committing any CHDO funding to an organization, the DuPage County CDC is required to ensure that prospective CHDO's meet the CHDO qualifying criteria outlined in the HOME Rule at 24 CFR 92.2. This packet must be completed in order to apply for CHDO status in DuPage County.

Submission of the certification materials does not decree CHDO status. If the DuPage County CDC certifies your organization as a Community Housing Development Organization, your organization will be eligible to receive previously allocated CHDO project funding. CHDO certifications are valid for one year **and** must be re-verified before a specific project is recommended by staff to the HOME Advisory Group. Please note that participating jurisdictions, public bodies or instrumentalities of public bodies (i.e. public housing authorities) cannot be designated as a CHDO.

### Before You Begin

This packet contains information necessary to apply for Program Year 2021 CHDO Certification, as required by the newly published HOME Investment Partnerships Final Rule, from the DuPage County CDC. Before completing this certification packet, you should become familiar with the DuPage County HOME/CDBG Housing Fund Program Guidelines and appropriate federal regulations. Please contact DuPage County Community Development Division staff at (630) 407-6600 if you have any questions regarding this certification process.

### Submission Requirements

**DuPage CDC will supply CHDO certification applications to entities with 2021 HOME projects eligible for the 2021 CHDO set aside for completion and submittal in conjunction with their project Application and Underwriting Criteria. These may include projects already in the pipeline, i.e. projects that have been approved as a Preliminary Set Aside but not yet moved to Conditional Commitment. Thus projects approved from prior year funding, but not yet in Conditional Commitment would be possible 2021 CHDO projects.**

Entities are required to submit the original and one copy of the CHDO Certification Packet. All materials must be printed on single sides and should not be bound.

Please do not submit additional information that has not been requested as all applications will be sanitized of these elements to ensure fair review.

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## PY2016 Update Parameters

The primary change to the CHDO definition under the HOME program pertains to CHDO Development capacity, including a provision that the CHDO has demonstrated development experience as related to current CHDO staff. The County has pared down this requirement into two parts:

1. CHDO staff

HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO. Staff does not include volunteers, board members, or consultants. This requirement may be met by part-time or full-time employees, or contracted employees that are actual employees and not consultants. In addition to day-to-day operations, employees must have the ability to act on behalf of the CHDO for day-to-day decisions. Please consult the application requirements for supporting documentation to meet these criteria.

2. CHDO Development Capacity

HUD requires certification that the current CHDO staff has experience developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed. Additionally, the actual organizational capacity and fiscal soundness is evaluated as related to the ability to execute projects, and compliance with HOME and OMB regulations. The capacity evaluation for certification will determine the organization's capacity for project work, financial stability including organizational funding and portfolio, and financial management policies and procedures. Please consult the application requirements for supporting documentation to meet these criteria.

**This packet only serves to certify CHDO's; it has no relation to actual CHDO project and operation programming.**

The DuPage County CDC reserves the right to request additional information regarding any application submitted for CHDO Certification and/or funding under the DuPage County Community Development HOME/CDBG Housing Fund.

### **CHDO Role Definitions 2013 HOME Final Rule**

#### **Owner**

Rental housing is "owned" by the community housing development organization if the community housing development organization is the owner in fee simple absolute of multifamily or single family housing (or has a long term ground lease) for rental to low-income families in accordance with § 92.252. If the housing is to be rehabilitated or constructed, the community housing development organization hires and oversees the developer that rehabilitates or constructs the housing. At minimum, the community housing development organization must hire or contract with an experienced project manager to oversee all aspects of the development, including obtaining zoning, securing non-HOME financing, selecting a developer or general contractor, overseeing the progress of the work and determining the reasonableness of costs. The community housing development organization **must own** the rental housing during development and for a period at least equal to the period of affordability in § 92.252. If the CHDO acquires housing that meets the property standards in § 92.251, the CHDO **must own** the rental housing for a period at least equal to the period of affordability in § 92.252.

#### **Developer**

Rental housing is "developed" by the community development housing organization if the community housing development organization 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

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existing substandard housing that will be rehabilitated for rent to low-income families in accordance with § 92.252. To be the “developer,” the community development housing organization must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME financing, selecting architects, engineers and general contractors, overseeing the progress of the work and determining the reasonableness of costs. At a minimum, the community housing development organization must own the housing during development and for a period at least equal to the period of affordability in § 92.252.

### **Developer**

Housing for homeownership is “developed” by the community development housing organization if the community housing development organization is the owner (in fee simple absolute) and developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for sale to low-income families in accordance with § 92.254. To be the “developer” the community development housing organization must arrange financing of the project and be in sole charge of construction. The community housing development organization may provide direct homeownership assistance (e.g., downpayment assistance) when it sells the housing to low-income families and the community housing development organization will not be considered a subrecipient. The HOME funds for downpayment assistance shall not be greater than 10 percent of the amount of HOME funds for development of the housing.)

### **Sponsor**

Rental housing is “sponsored” by the community development housing organization if it is rental housing “owned” or “developed” by a subsidiary of a community housing development organization, a limited partnership of which the community housing development organization or its subsidiary is the sole general partner, or a limited liability company of which the community housing development organization or its subsidiary is the sole managing member. HOME-assisted rental housing is also “sponsored” by a community housing development organization if the community housing development organization “developed” the rental housing project that it agrees to convey to an identified private nonprofit organization at a predetermined time after completion of the development of the project.