

Alabama Housing Finance Authority

Community Housing Development Organization Manual



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I. HOME INVESTMENT PARTNERSHIPS PROGRAM

The Home Investment Partnerships Program (HOME) is a federally funded housing program established in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act (the “Act”). Under guidelines from the United States Department of Housing and Urban Development (HUD), Alabama Housing Finance Authority (AHFA) is the designated administrator and designer of Alabama’s HOME Program. AHFA has specifically designed the HOME Program to meet the needs of low- and moderate-income Alabamians consistent with HUD guidelines.

II. DEFINITIONS

Capitalized terms used in this HOME Community Housing Development Organization (CHDO) Manual have the meanings set forth below or elsewhere in the AHFA HOME Action Plan or this CHDO Manual. Capitalized terms not defined herein shall have the meanings assigned in the AHFA Plan Defined Terms available at www.AHFA.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa.

Act: the Cranston-Gonzalez National Affordable Housing Act passed in November 1990. This Act contains the provisions for the HOME Program and is further defined in 24 CFR Part 92.

AHFA-Approved CHDO: A CHDO that has received prior approval from AHFA to submit a funding application. The process for requesting such approval is set forth in the current year HOME Action Plan. Without this prior approval, a CHDO will be treated like a non-CHDO applicant under AHFA’s programs and will not be eligible for funding under the mandatory CHDO set-aside established by the HOME Program.

Alabama Housing Finance Authority (AHFA): AHFA was designated the administrator of Alabama’s HOME Program by the Governor of the State of Alabama on February 22, 1991.

Application Cycles: a period of time established by AHFA during which applications for funding under Alabama’s HOME Program may be accepted.

Community Housing Development Organization (CHDO): To qualify as a CHDO, an organization must be a non-profit organization and meet the requirements specified in 24 CFR Section 92.2 and the AHFA CHDO Checklist and forms. The qualifying CHDO must have staff that is experienced in developing projects of the same size, scope and level of complexity as the activities for which HOME Funds are being reserved or committed. HUD defines CHDO staff as paid employees responsible for day-to-day operations (volunteers, board members, and consultants are not considered staff). The organization must recertify annually to remain an active and qualified CHDO for purposes of applying for HOME Funds.

Consolidated Plan (Plan): the consolidated plan designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development

priorities that align and focus funding from the CPD formula block grant programs: Community Development Block Grant (CDBG) Program, HOME Investment Partnerships (HOME) Program, Housing Trust Fund (HTF), Emergency Solutions Grants (ESG) Program, and Housing Opportunities for Persons With AIDS (HOPWA) Program.

HOME Funds: funds made available under Alabama’s HOME Program through allocations and reallocations and may consist of any repayments and interest or other return on the investment of these funds.

Participating Jurisdiction: a unit of state or local government that has met the requirements of Section 216 of the National Affordable Housing Act and receives a separate appropriation of HOME Funds to be used within its jurisdictional boundary. The State of Alabama is the Participating Jurisdiction for the HOME Funds administered by AHFA. The local Participating Jurisdictions in Alabama: Anniston, Birmingham, Huntsville, Jefferson County, Mobile, Mobile County, Montgomery, and Tuscaloosa.

Project: a site or an entire building or two or more buildings, together with the site or (when permissible) sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME Funds made available under a Written Agreement, as a single undertaking. Project includes all the activities associated with the site(s) and building(s).

Recipient: an individual, public agency, for-profit developer(s), CHDO, non-profit developer(s), or any entity that receives State of Alabama HOME Funds.

Written Agreement: Alabama’s HOME Investment Partnerships Program Written Agreement. The Written Agreement is an agreement executed by AHFA and the entity approved to receive an allocation of HOME Funds.

III. GENERAL REQUIREMENTS

Application Submission:

Applications are accepted annually for eligibility to compete for the CHDO set-aside in the annual competitive application cycle. Cycle timeline and application deadlines are published via Multifamily Notices and are posted on the AHFA website. Designations are valid only for the following HOME application period.

Applications for CHDO certification are due to AHFA on the first Monday in December by 5:00 p.m. Applications may be delivered by mail, other shipping service, or by hand delivery to:

Alabama Housing Finance Authority
Attn: MULTIFAMILY DIVISION
CHDO Designation Application

Physical Address:
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117

US Mail Address:
PO Box 242967
Montgomery, AL 36124-2967

- Facsimile or email transmissions will NOT be accepted.
- Provide one (1) original application (must include original signatures on all AHFA Forms), and one (1) digital copy.

All AHFA CHDO Application Materials are found at:

<https://www.ahfa.com/multifamily/multifamily-programs/home-housing-credits/chdos>.

CHDO Application: The CHDO Application must be contained entirely within a 3-ring binder of suitable size to contain the necessary documentation **AND** a digital copy of the entire CHDO Application. Complete the **AHFA CHDO Application Cover Sheet** and include it on the outer cover of the binder and as the first page within the binder. Complete the **AHFA CHDO Forms** and the **AHFA CHDO Application Checklist** (See Appendix A). Mark the boxes in the checklist for the required documents which are applicable for the non-profit organization. All application and supporting documentation must be indexed and labeled per the AHFA required format (See Appendix B: Index Format Example). There are six checklist tabs (A - F), each representing a category or section of requirements. Place each checklist page behind a tabbed divider labeled with the corresponding checklist section. The checklist tabs will be the first page in each tabbed section of the binder. Provide supporting documents and appropriate AHFA CHDO Forms evidencing the requirements addressed within that section. Label the document with the applicable tab number (example: A1). Follow the instructions at the top of each form **and within the CHDO Checklist**. Any information on the forms which is not applicable should be marked NA.

AHFA CHDO Eligibility/Recertification: Non-profit organizations intending to compete for the AHFA CHDO Set-Aside in a Competitive Application Cycle must apply for CHDO Eligibility prior to each Competitive Application Cycle in which they intend to apply.

A non-profit having no Active AHFA CHDO projects (projects within the compliance period) will complete AHFA Form **CF-1: AHFA CHDO Eligibility/Recertification** and describe the proposed project in the Current Competitive Application Cycle section. This form will be included as the second page within the CHDO Application.

Non-Profit organizations with Active previously awarded CHDO projects (within the compliance period) must Recertify those projects annually. Recertifications for organizations with previously awarded AHFA CHDO projects will fall into one of the following two categories:

1. Applying in Current Competitive Cycle: Organizations with previously awarded, Active projects, applying during a competitive cycle, should identify both the new project for which certification is requested, and the Active project(s) for which recertification is requested. The single application package will serve as both the application for CHDO status in the current cycle and as Recertification of CHDO status for Active projects. All projects requiring recertification must be listed on AHFA CHDO Form **CF-1**. Include this form as the second page of the CHDO Application.
2. Not Applying in Current Competitive Cycle: Complete AHFA CHDO Form **CF-1** listing all AHFA CHDO projects requiring recertification. If there are material changes affecting how the organization meets the AHFA CHDO Requirements since the award of the project(s), then use the AHFA CHDO Checklist and Application Package to provide that documentation. If there are no changes, provide updated certifications to confirm the original status exists.

The CHDO Recertifications for existing projects should be submitted with the **Annual Owner Certification**. Information on the Annual Owner Certification is found in the Compliance section of the AHFA website (see link below).

<https://www.ahfa.com/multifamily/compliance/annual-project-submissions>

AHFA CHDO Checklist: On the far right of the checklist, enter the document and the page number(s) of the document where language satisfying that specific requirement is found. Specified requirements or evidentiary citations must be **marked by a highlighter**. Any items on the checklist which are not applicable should be marked **NA** on the checklist and index page.

Articles of Incorporation, By-Laws, Charters, Memorandums of Understanding, Contracts, Certifications and Resolutions, must be signed and dated by the Board President or other authorized signor(s). Supporting documents should be provided in their entirety only once the first time they are referenced on the checklist. Subsequent references to the

document should be evidenced as an appropriate excerpted page(s) satisfying the requirement.

Application Review Process:

- AHFA Multifamily staff will review the CHDO application and the required documents to ensure the application package is complete.
- Applicants with eight (8) or more missing and/or incorrect documents will be disqualified from participation as a CHDO in the upcoming HOME funding cycle but may still apply as a non-profit.
- Applicants that receive a deficiency letter with seven (7) or fewer missing and/or incorrect documents will be allowed to submit corrected or missing documents. These Applicants will be allowed ten (10) business days to submit any missing or incomplete documents. There will only be one (1) opportunity for these applicants to submit missing and/or incomplete documents for review before being disqualified.
- Applicants should receive a **CHDO Eligibility Statement** from AHFA not later than two weeks prior to the Application Date for the AHFA Competitive Application Cycle. Those eligible to compete as a CHDO will include a copy of the **CHDO Eligibility Statement** in the CHDO Section of the project application.
- The list of eligible CHDOs will be published prior to the competitive application cycle.

IV. Negative Actions after Determination of CHDO Eligibility

Should any of the following actions occur after the **CHDO Eligibility Application** has been submitted the application will terminate unless otherwise provided below:

- 1) Change or alteration of any kind in the organization or Board of Directors
- 2) Change in ownership of the Ownership Entity (e.g., addition of a new general partner/member or removal of an existing general partner/member)
- 3) If AHFA receives a determination from a federal, state or local regulatory authority or agency of significant or uncorrected non-compliance on applicant's Non-AHFA Projects, AHFA may terminate the application
- 4) Any Development Team Member (listed in the application) who has instances of excessive, flagrant or uncorrected non-compliance within the timeframe provided by AHFA, Housing Credit, HOME, TCAP/Exchange, National Housing Trust Fund or Multifamily Housing Revenue Bond regulations on existing projects
- 5) Any Development Team Member listed in the application is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits
- 6) Applicant has a project that goes into foreclosure or has been foreclosed within the last 10 years

- 7) Any material adverse change relating to the Project or Responsible Owner. AHFA will determine whether the change(s) is material and/or adverse in its sole discretion and further reserves the right to terminate an application
- 8) Applicant (including all Development Team Members listed in the application) has any outstanding fee(s) due to AHFA on other projects; and/or
- 9) If AHFA determines that the applicant failed to materially adhere to AHFA's defined environmental standards, including without limitation, the failure by the applicant to identify any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.

The above list of negative actions is not all-inclusive. The Application Package itself will list other necessary requirements via forms, related instructions, and other items. AHFA will terminate consideration of an application if it determines that the application contains Misleading Information.

V. CHDO Requirements

HOME CHDO Requirements: The primary purpose of the HOME program is to expand the supply of decent, safe and affordable housing for low-income families. Federal regulations require a minimum of fifteen percent (15%) of HOME funds be set-aside annually for use by specific types of nonprofit housing organizations known as Community Housing Development Organizations (CHDO). CHDO set-aside requirements are set forth at 24 CFR Part 92.2 and 24 CFR Part 92.300. Additionally, AHFA requires non-profit organizations to meet the definitions and requirements included in the AHFA CHDO Forms and this Manual. Although many nonprofit organizations share common characteristics with CHDOs, not all nonprofits qualify as CHDOs under the HOME program requirements.

AHFA Eligible CHDO Role: In the AHFA HOME Action Plan, a CHDO's use of set-aside funds is restricted to eligible HOME activities in which the CHDO acts in the capacity of a sponsor/owner of HOME-assisted housing. Only nonprofit organizations that have received a **CHDO Eligibility Statement** from AHFA are eligible to apply for HOME funds from the fifteen percent (15%) CHDO set-aside. CHDOs cannot serve only as a sponsor of a project or only as a developer of a project.

AHFA Eligible CHDO Activities: New construction of multifamily rental properties with no fewer than twelve (12) units and no more than fifty-six (56) units.

AHFA Qualifying Criteria – AHFA CHDO Checklist: The AHFA CHDO Requirements are identified in the AHFA CHDO Checklist (Appendix A). The checklist is divided into six (6) sections (Tabs A-F):

A. Legal Status: An organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986 before

being designated by AHFA as a CHDO. The 501(c) designations permissible under HOME are:

- 501(c)(3) or 501(c)(4) status; or
- Section 905 status - a subordinate organization of a 501(c) organization; or
- The private nonprofit organization is an wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of “community housing development organization.”

See 24 CFR §92.2 (4) for complete Legal Status definition terms.

The organization must maintain a “Good Standing” status with the Alabama Secretary of State’s Office as long as the organization is a CHDO. To show a nonprofit is in Good Standing, visit the Secretary of State’s web page at: <https://www.sos.alabama.gov>.

AHFA Combines the HOME Program funding with IRS Low Income Housing Tax Credits. Therefore, the only defined CHDO Role applicable within the AHFA HOME Program is that of sponsor/owner or sponsor/developer/owner. 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. Examples of acceptable legal structures of the ownership entity are provided in Appendix C.

B. Independence: CHDO Applicants must demonstrate the organization is independent and free to make decisions, take action, and has the capacity to fulfill its role in the CHDO project without influence or direction from external entities. CHDO organizations may be created by a government entity or for-profit entity, however, the following must be evidenced (behind Tab B) in those cases:

- 1) The organization is not a government entity.
- 2) If the organization is created by a government entity:
 - a. An organization that is created by a governmental entity may qualify as a community housing development organization; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members.
 - b. An organization that is created by a governmental entity may qualify as a community housing development organization; however, the officers or

employees of a governmental entity may not be officers or employees of a community housing development organization.

- 3) The nonprofit organization is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization.
- 4) If sponsored or created by a for-profit entity:
 - a. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - b. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members.
 - c. The community housing development organization must be free to contract for goods and services from vendors of its own choosing.
 - d. The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.

C. Financial Management and Capacity: At a minimum, a CHDO Applicant must have financial accountability standards that conform to the requirements of 24 CFR 84.21, "Standards for Financial Management Systems." An applicant must demonstrate that it is financially viable and has a financial management system in place that provides proper controls and reporting of the organization's activities.

Provide the following financial requirements behind Tab C:

- 1) Documentation to evidence 24 CFR § 92.2(2).
- 2) Documentation to evidence 24 CFR § 92.2(6).
- 3) Financial Statements: The organization's most recent financial statements compiled, reviewed, or audited by an independent CPA must be submitted. The financial statements must include a Statement of Financial Position, Statement of Activities (documenting one full year of activity), and notes/footnotes or disclosure statements to the financial statements.
- 4) The most recent income tax return or IRS Form 990 (must also provide evidence of delivery to the IRS). Board members must be appropriately documented in the IRS Form 990.
- 5) Current Fiscal Year Operating Budget.

D. Organizational Structure and Accountability to the Low-Income Community: A CHDO is created to respond to a particular community's needs. The structure of a CHDO's Board of Directors is viewed as the main indicator of community control over the CHDO. A CHDO Applicant must have a minimum of five (5) board members with the majority situated within the defined service area(s) and must be composed as follows:

1. At least one-third (1/3) of the Board must be representatives of the low-income community. There are three ways to meet this requirement:

- a) Residents of low-income neighborhoods in the community - Residents of low-income neighborhoods do not have to be low-income themselves. Low-income neighborhoods must be verified and identified as such through census tracts, CDBG targets areas, or other appropriate means.
- b) Low-income residents of the community - Low-income residents do not have to live in a low-income neighborhood but the Board member must certify that their annual gross income (adjusted for family size) is at or below 80% of the area's county median income. See AHFA's website for area income limits <https://www.ahfa.com/multifamily/compliance/income-rent-limits>.
- c) Elected representatives of low-income neighborhood organizations - The governing body of a low-income neighborhood organization may elect a representative to serve on a CHDO Board. Verification of a low-income neighborhood organization's election procedure, term, and minutes of the meeting in which the vote took place are required to be submitted.

2. No more than one-third (1/3) of the Board may be public officials or employees of a Participating Jurisdiction (PJ). A member of the governing board of a CHDO Applicant would be a representative of the public sector if he/she is a(n):

- a) Elected Official - council members, aldermen, commissioners, state legislators, members of the school board, mayors and so forth;
- b) Appointed Public Official - members of a planning or zoning commission or of any other regulatory and/or advisory boards, or commissions;
- c) Public Employee - all employees of public agencies (including schools) or departments of government; or
- d) Public Official's Appointee - any individual who is not necessarily the appointed public official, but who has been appointed by an appointed public official (as described above) to serve on the CHDO board.

Members of the board appointed by public officials cannot select other members of the board.

3. The balance of the Board is unrestricted. They may include people such as human and social service providers, lenders, individuals with access to philanthropic resources, or others willing to contribute their professional expertise that do not also meet the "public official" description explained above.

Applicants must complete the AHFA CHDO Forms **CF-2 Certification of Low-Income Representation on Board** for each Low-Income member and **CF-3 Certification of Board Status** listing all members of the Board of Directors. These forms will be used to determine if the organization's Board structure meets HUD regulatory requirements for board structure.

The organization will provide evidence detailing the formal process(es) by which the low-income beneficiaries advise the organization in decisions regarding the design, siting, development, and management of affordable housing. The organization will provide documentation evidencing the hierarchical structure of the Board and its relationship to the organization and the ownership entity. The organization must provide evidence of its history of service to the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before applying for the AHFA HOME CHDO Set-Aside.

E. Experience and Staff Capacity: An organization applying for designation to become a CHDO must demonstrate the capacity of its key staff to carry out HOME-assisted activities. HOME regulations require that a CHDO have paid employees with housing experience appropriate to the role the CHDO expects to play in projects. The purpose of this capacity requirement is to build staff expertise. A CHDO must have its own professional, experienced staff. Skills necessary for a professional staff to sustain capacity include:

- a) Management of the organization daily - time management; fiscal management; conflict management; team management; communication; and commitment.
- b) Defining the project - identify market, assemble/manage development team; test feasibility; and negotiate effectively.
- c) Undertake project - build and maintain relationships; attend to details; manage the development team; adapt and manage a crisis; and negotiate effectively.
- d) Complete or manage a project to completion - deliver on time and within the established budget and produce a quality product, recognize, and correct mistakes when made; and evaluate outcomes objectively.

For its first year of funding as a CHDO, an organization may satisfy the experience and capacity requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. Such consultant must first be approved by the Authority.

Documentation for experience and staff capacity behind Tab E must include:

- 1) AHFA Form **CF-4 Experience Assessment Form** for each staff member (include functional resume and payroll documentation)
- 2) AHFA Form **CF-5 Project Portfolio** for the organization (include evidence of physical and financial stability)
- 3) Organizational Structure and Personnel Chart (include names and positions of personnel)
- 4) Consultant Disclosure, if applicable

There are significant differences in the type of experience and capacity that is required to carry out CHDO eligible HOME activities. Therefore, experience in having completed similar projects draws a distinction between development/management of rental housing and development/sale of housing for a homeownership program. A CHDO must be

separate from and not under the control of a government entity. A government entity is still permitted to create a CHDO but it is not permitted to control the CHDO by providing its employees to the CHDO as staff or officers.

F. CHDO ROLE: 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.

Documentation for the role of the organization in the project behind Tab F must evidence:

- 1) The subsidiary of the community housing development organization may be a for-profit or non-profit organization and must be wholly owned by the community housing development organization. If the limited partnership or limited liability company agreement permits the community housing development organization to be removed as general partner or sole managing member, the agreement must provide that the removal must be for cause and that the community housing development organization must be replaced with another community housing development organization.
- 2) The HOME funds must be provided to the entity that owns the project.
- 3) The identity of the Ownership Entity.
- 4) The ownership structure in a chart.
- 5) The Partnership Agreement(s).
- 6) Articles of Incorporation for the Ownership Entity.
- 7) AHFA Form **CF-6 Certification of Signatures and Addresses**
- 8) A Tenant Participation Plan.

As some of these documents (specifically Partnership Agreement(s) and Articles of Incorporation for the Ownership Entity) may not be available at the time of the submission of the application for CHDO Eligibility, draft documents may be submitted. In that event, fully executed documents must be provided with the project application in the AHFA Competitive Cycle. This should be noted on the CHDO Checklist and in the appropriate tabbed location within the CHDO Application.

Finally, the **CHDO Eligibility Statement** form must be completed, as indicated on the form, by the applicant. This form will be the final page contained within the CHDO Application. AHFA staff will complete this form after review of the application and return a fully executed copy to the applicant. A copy of this form should be retained by the non-profit for audit purposes. A copy of this form must be included in the CHDO Section of a Project Application in a Competitive Application Cycle.

Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
 Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

A. LEGAL STATUS			
For each requirement listed below, provide evidence in a complete document.			
The applicable text within the document must be highlighted .			
Record the Document Name and Page number(s) indicating the location of the evidentiary text in the yellow column.			
Provide an appropriately labelled, tabbed divider sheet and the documentation in order behind this page of the checklist in the application binder.			
		Document & Page	AHFA
92.21(1)	The organization is organized under state or local law.	A1	
92.21(2)	The organization has no part of its net earning inuring to the benefit of any member, founder, contributor, or individual.	A2	
92.21(3)	The organization is not under the control or direction by any individual or entity seeking to derive profit or gain.	A3	
92.21(4)	The nonprofit organization has one of the following IRS tax exempt statuses: 1. Exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 [26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1]. 2. Is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, OR 3. The private nonprofit organization is an wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of "community housing development organization."	A4	

Revised 10/15/2020

TAB A

Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

B. INDEPENDENCE			
<p>For each requirement listed below, provide evidence in the form of a document (may be an excerpt from items previously provided).</p> <p><i>NOTE: Complete documents are only necessary the 1st time used. If a document was previously provided in full, then only provide the page(s) necessary to satisfy additional requirements.</i></p> <p>The applicable text within the document must be highlighted.</p> <p>Record the Document Name and Page number(s) indicating the location of the evidentiary text in the yellow column.</p> <p>Provide an appropriately labeled, tabbed divider sheet and the documentation in order behind this page of the checklist in the application binder.</p>			
	Document & Page	AHFA	
92.2(5) 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.)	<input type="checkbox"/> Yes	B1	
<input type="checkbox"/> No: The organization was created by governmental entity (provide evidence and answer items i-ii below)		B2	
i. An organization that is created by a governmental entity may qualify as a community housing development organization; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members.		B2a	
ii. An organization that is created by a governmental entity may qualify as a community housing development organization; however, The officers or employees of a governmental entity may not be officers or employees of a community housing development organization.		B2b	
92.2(3) The nonprofit organization is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization.	<input type="checkbox"/> Yes	B3	
<input type="checkbox"/> No: A community housing development organization may be sponsored or created by a for-profit entity, but:			
i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.		B4a	
ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members.		B4b	
iii. The community housing development organization must be free to contract for goods and services from vendors of its own choosing		B4c	
iv. The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.		B4d	

Revised 10/15/2020

TAB B

Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

C. FINANCIAL MANAGEMENT and CAPACITY			
<p>For each requirement listed below, provide evidence in the form of a document (may be an excerpt from items previously provided).</p> <p><i>NOTE: Complete documents are only necessary the 1st time used. If a document was previously provided in full, then only provide the page(s) necessary to satisfy additional requirements.</i></p> <p>The applicable text within the document must be highlighted.</p> <p>Record the Document Name and Page number(s) indicating the location of the evidentiary text in the yellow column.</p> <p>Provide an appropriately labelled, tabbed divider sheet and the documentation in order behind this page of the checklist in the application binder.</p> <p>Documentation may include notarized statement by the president or CFO, CPA Certification, Audit Summary, current year's full operating budget, or similar.</p>			
		Document & Page	AHFA
92.2(2)	Has no part of its net earning inuring to the benefit of any member, founder, contributor, or individual.	C1	
92.2(6)	Has standards of financial accountability that conform to 2 CFR 200.302, 'Financial Management' and 2 CFR 200.303, 'Internal Controls,' Financial Statements	C2	
		C3	
	Tax Returns or IRS Form (with evidence of delivery to the IRS)	C4	
	Current Fiscal Year Operating Budget	C5	

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TAB C

Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

D. ORGANIZATIONAL STRUCTURE and ACCOUNTABILITY to the LOW-INCOME COMMUNITY		
<p>For each requirement listed below, provide evidence in the form of a document (may be an excerpt from items previously provided).</p> <p><i>NOTE: Complete documents are only necessary the 1st time used. If a document was previously provided in full, then only provide the page(s) necessary to satisfy additional requirements.</i></p> <p>The applicable text within the document must be highlighted.</p> <p>Record the Document Name and Page number(s) indicating the location of the evidentiary text in the yellow column.</p> <p>Provide an appropriately labelled, tabbed divider sheet and the documentation in order behind this page of the checklist in the application binder.</p>		
		Document & Page
		AHFA
92.2(7)	Has among its purposes 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.	D1
92.2(8)	<p>Maintains accountability to low-income community residents by:</p> <p>i. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and</p>	
	Documentation of Defined Service Area	D2
	Certification of Low-income Representation on Board (CF-2)	D3.1
	Certification of Board Status (CF-3)	D3.2
	ii. Providing 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.	D4
92.2(10)	The organization has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.	D5

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TAB D

Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

E. EXPERIENCE and STAFF CAPACITY			
<p>Provide evidence for each requirement listed below. <i>NOTE: Complete documents are only necessary the 1st time used. If a document was previously provided in full, then only provide the page(s) necessary to satisfy additional requirements. Any new documentation must be provided in full</i></p> <p>The applicable text within the document must be highlighted.</p> <p>Record the Document Name and Page number(s) indicating the location of the evidentiary text in the yellow column.</p> <p>Provide an appropriately labelled, tabbed divider sheet and the documentation in order behind this page of the checklist in the application binder.</p>			
	Document & Page		AHFA
92.2(9)	<p>Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of §92.300(a)(2). A nonprofit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization.</p>		
	Experience Assessment Forms (CF-4) and resumes. Provide details related to staff strengths in legal/financial aspects of housing development, management of real estate development, oversight of design and construction management, marketing/intake, and property management (as applicable). Include payroll documentation.	E1	
	Project Portfolio (CF-5) . Provide evidence of physical and financial stability.	E2	
	Organizational Structure and Personnel Chart (include names of personnel)	E3	
	Consultant Disclosure / Contract (if applicable)	E4	

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TAB E

Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

F. CHDO ROLE				
(The "sponsor" role is the only applicable option under the AHFA HOME Action Plan)				
<p>Provide evidence for each requirement listed below.</p> <p><i>NOTE: Complete documents are only necessary the 1st time used. If a document was previously provided in full, then only provide the page(s) necessary to satisfy additional requirements. Any new documentation must be provided in full.</i></p> <p>The applicable text within the document must be highlighted.</p> <p>Record the Document Name and Page number(s) indicating the location of the evidentiary text in the yellow column.</p> <p>Provide an appropriately labeled, tabbed divider sheet and the documentation in order behind this page of the checklist in the application binder.</p>				
			Document & Page	AHFA
92.300(4)	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.			
	i. The subsidiary of the community housing development organization may be a for-profit or non-profit organization and must be wholly owned by the community housing development organization. If the limited partnership or limited liability company agreement permits the community housing development organization to be removed as general partner or sole managing member, the agreement must provide that the removal must be for cause and that the community housing development organization must be replaced with another community housing development organization.	F1		
	ii. The HOME funds must be provided to the entity that owns the project.	F2		
	Identify Ownership Entity	F3		
	Ownership Structure Chart	F4		
	Partnership Agreement(s)	F5		
	Articles of Incorporation	F6		
	AHFA Form CF-6	F7		
92.303	A community housing development organization that receives assistance under this part must adhere to a fair lease and grievance procedure approved by the participating jurisdiction and provide a plan for and follow a program of tenant participation in management decisions.			
	Tenant Participation Plan	F8		
92.208				
92.300(2)				
92.300(3)				
92.300(5)	N/A under AHFA HOME Program			
92.300(6-7)				
92.301-302				
92.352				

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Appendix A

AHFA 2021 CHDO Checklist

Definition of Community Housing Development Organization from 24 CFR §92.2 (1-10)
Requirements for Community Housing Development Organizations from 24 CFR Subpart G §92.300

2021 CHDO ELIGIBILITY STATEMENT	
The organization below was reviewed by AHFA Multifamily Staff to determine it meets all CHDO regulatory thresholds, and has a project which meets the eligibility requirements of 24 CFR Subpart G §92.300 and AHFA requirements for a reservation of CHDO set-aside funds.	
Yellow Section Completed by Applicant	
<input type="checkbox"/>	Application for 2021 Competitive Cycle
<input type="checkbox"/>	Application for Recertification of Previously Awarded AHFA CHDO Projects (Complete a copy for as many Projects as Require Recertification - One Form Per Project)
Organization:	_____
Address:	_____
Contact Name:	_____
Phone:	_____
Email:	_____
Project Name:	_____
Address:	_____
County:	_____
Blue Section for AHFA Use Only	
<input type="checkbox"/>	Organization is Eligible to compete for the AHFA 2021 CHDO Set-Aside with project listed above.
<input type="checkbox"/>	Organization is Ineligible to compete for the AHFA 2021 CHDO Set-Aside but may compete in the AHFA 2021 Competitive Cycle as a non-profit.
<input type="checkbox"/>	Organization is Recertified as a CHDO in the above listed Project.
Signature:	_____
AHFA Reviewer:	_____
Title:	_____
Date:	_____

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Tab E

Appendix B

INDEX FORMAT EXAMPLE

CHDO Application Cover Sheet

CHDO Eligibility / Recertification (**AHFA Form CF-1: AHFA CHDO Eligibility/Recertification**)

CHDO Checklist Page A. LEGAL STRUCTURE

A1: *Document Title*

A2: *Document Title*

A3: *Document Title*

A4: *Document Title*

CHDO Checklist Page B. INDEPENDENCE

B1: *Document Title*

B2: *Document Title*

B2a: *Document Title*

B2b: *Document Title*

B3: *Document Title*

B4a: *Document Title*

B4b: *Document Title*

B4c: *Document Title*

B4d: *Document Title*

B5: *Document Title*

CHDO Checklist Page C. FINANCIAL MANAGEMENT and CAPACITY

C1: *Document Title*

C2: *Document Title*

C3: *Document Title*

CHDO Checklist Page D. ACCOUNTABILITY to the LOW-INCOME COMMUNITY

D1: *Document Title*

D2: *Document Title*

D3.1: **AHFA Form CF-2: Certification of Low-Income Representation on Board**

D3.2: **AHFA Form CF-3: Certification of Board Status**

D4: *Document Title*

D5: *Document Title*

CHDO Checklist Page E. CAPACITY

E1: **AHFA Form CF-4: Experience Assessment Form**

E2: **AHFA Form CF-5: Project Portfolio**

E3: Organizational structure and personnel chart

EF: Consultant Disclosure / Contract (if applicable)

CHDO Checklist Page F. CHDO ROLE

F1: *Document Title*

F2: *Document Title*

F3: Identity Ownership Entity and Certificate of Existence

F4: Ownership Structure Chart

F5: Partnership Agreement(s)

F6: Articles of Incorporation

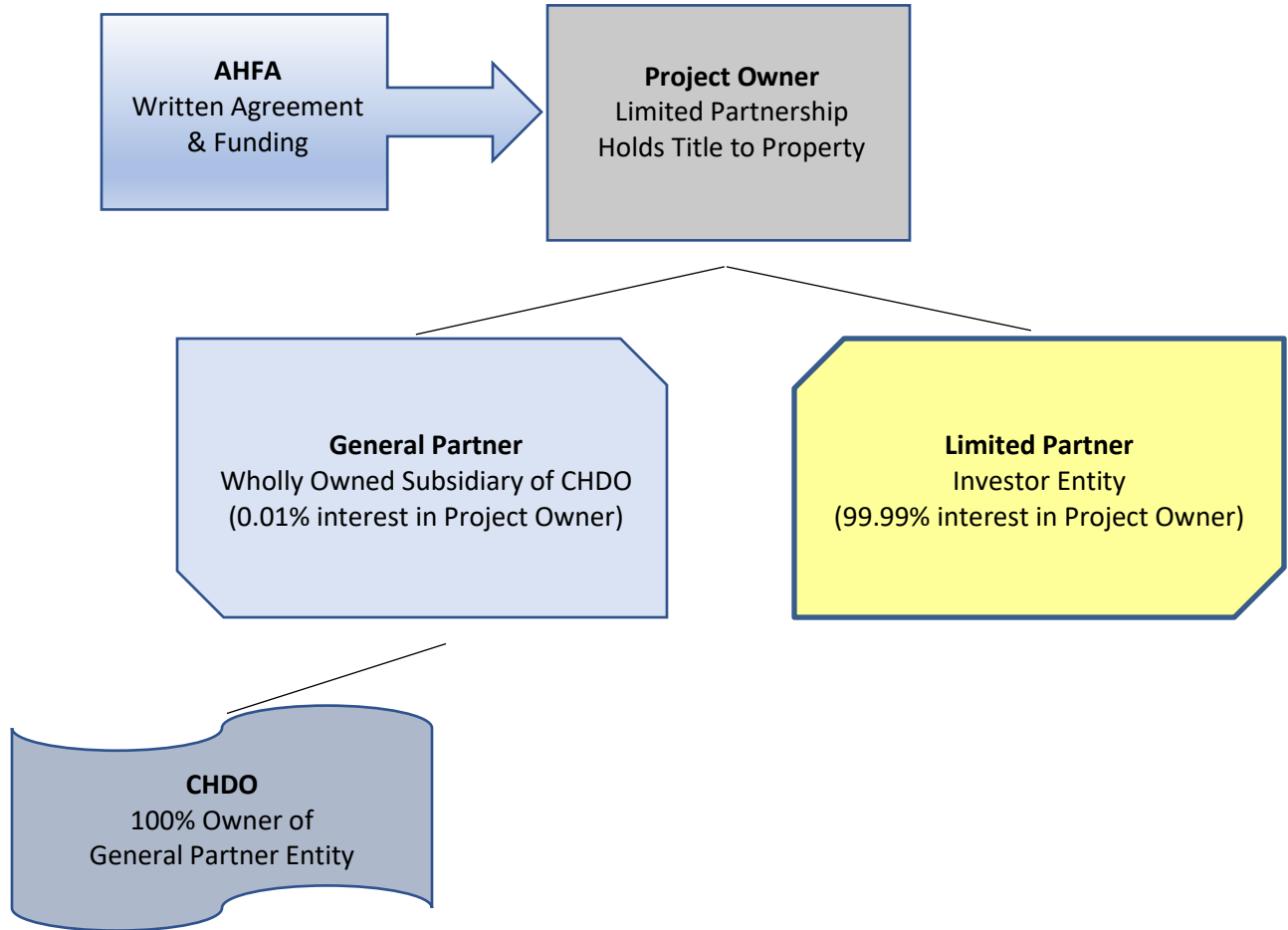
F7: **AHFA Form CF-6: Certification of Signatures and Addresses**

F8: Tenant Participation Plan

Appendix C

Examples of AHFA CHDO as Sponsor Ownership Structures

1. LIMITED PARTNERSHIP



Appendix C

2. LIMITED LIABILITY COMPANY

