

Community Housing Development Organization (CHDO) Application Overview Macomb HOME Consortium

A CHDO is a private, non-profit community-based service organization chartered to provide decent affordable housing opportunities for lower-income households (i.e. household income \leq 80% median family income), within a defined area. The following summary is intended to clarify CHDO certification requirements. Any organization seeking CHDO certification from the Macomb HOME Consortium must fully complete the attached application. Although the applicant may correct deficiencies, failure to meet these requirements results in a denial of CHDO certification. Samples of required documentation are provided to foster the submission of complete applications.

1. Legal Status

The application must have a charter and other organizational documents. The Charter or Articles of Incorporation must be filed with the Michigan Secretary of State, and the applicant organization must be registered to do business in the State of Michigan. A copy of the Secretary of State's Certificate, and a copy of the stamped and registered Articles of Incorporation must accompany the application. Failure to comply will result in rejection of the application.

The Applicant's Charter, or Articles of Incorporation, must state that, as a non-profit entity, it will ensure that *"No part of its net earnings inure to the benefit of any member, founder, contributor, or individual."* If this, or an equivalent, statement is not contained in the Charter, or the Articles of Incorporation, the application will be rejected.

A CHDO must be tax-exempt under Section 501 (c) (3) or 501 (c) (4)] of the Internal Revenue Service code. CHDO's may also use the tax exemption from a parent organization. The IRS determination must not predate 1986, and must be in effect at the time of application submission. It must also be maintained for as long as CHDO status is conferred. Failure to comply with this requirement will result in application rejection, or in a loss of CHDO certification after that certification is conferred. Annual CHDO re-certification with therefore be required.

The Applicant's Charter, Articles of Incorporation, Board Resolutions, or By-Laws must state that, as a non-profit organization, it has, among its purposes, *"the provision of decent housing that is affordable to low- and moderate-income people"*. If this, or an equivalent, statement is not contained in the Charter, Articles of Incorporation, Board Resolution, or By-Laws, the application will be rejected.

2. Capacity

The applicant must adhere to the financial accountability standards at 24 CFR 84.21, or have comparable standards to them. Compliance will be evinced through Affidavits of Standards for Financial Management Systems (*Sample 1*). Failure to comply will result in rejection of the application.

The applicant must demonstrate adequate capacity to implement HOME-assisted activities. Capacity will be evinced through rosters and professional resumes of key staff (*Sample 2*) who have successfully completed projects equivalent to those proposed to be undertaken with HOME funding. If that staff has little or no actual project history, the application will describe previous or planned training for key staff. Applicants may use consultants for planning and development purposes, if the consultant also trains key staff. Key staff may not consist of municipal, county or state employees, or consultants. Failure to comply will result in rejection of the application.

The applicant (or its parent) must demonstrate at least one year of service in Metropolitan Detroit (*Sample 3*). This service must be fully and clearly described in the application. Failure to comply will result in rejection of the application.

3. **Organizational Structure**

The applicant must represent the lower-income community that it serves. The Application must therefore state that, *“at least one-third of the membership of the Board of Directors will be made of residents of low-income neighborhoods, low-income community residents, or elected representatives of low-income neighborhood organizations”*. This requirement can be met through a notarized Affidavit of Board Representation and Board of Director’s roster, with member’s mailing addresses and a clear indication as to which members represent the low-income community as cited above, must be submitted. Any failure to provide this documentation will result in rejection of the application. *(Samples 4 and 5.)*

The applicant must have a formal process that ensures low-income beneficiary input in all decisions concerning the design, siting, development, and management of affordable housing projects. This process must be contained in the applicant’s By-Laws, Board Resolutions, or a written procedure, which has been adopted by the applicant’s governing body. *(Sample 6.)*

The representation of state or local governmental officials (defined as any elected or appointed officials, persons appointed by public officials, or employees thereof) on CHDO Boards is restricted to no more than one third of the total Board membership.