Presenters

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Logistics

• Presentation will last approximately 60 minutes
• Please hold questions to the end
• Mute electronic devices
Overview of Community Housing Development Organizations
What is a Community Housing Development Organization?

- A **Community Housing Development Organization or CHDO** is a non-profit organization that has been certified by a HOME Participating Jurisdiction (PJ) to carry out specific housing activities in the Federally funded HOME Program.

- Please note: a non-profit organization does not need to be a CHDO to carryout HOME activities.
What can a CHDO do?

- A CHDO can be the owner, developer or sponsor of a CHDO Set-Aside project.
  - As an Owner the CHDO owns the CHDO Set-Aside project.
  - As a developer the CHDO developed CHDO Set-Aside project.
  - As a sponsor the CHDO may have been the owner and / or developer of the project. Once the project was completed it was turned the project over to another organization.
What determines an organization is a CHDO?

To become a CHDO a non-profit organization must meet requirements established in the HOME Rule at 24 CFR 92.2 – Definitions – Community Housing Development Organization.

Once a non-profit has been certified as a CHDO for a CHDO Set-Aside Project it is eligible to be the owner, developer or sponsor. The CHDO can potentially apply for and receive CHDO Operating funds.
What establishes available funding for CHDO Set-Aside Activities and CHDOs?

24 CFR 92.300 (a) establishes the minimum amount of CHDO Set-Aside funds a PJ must allocate for CHDO activities. This amount is 15% of the PJ’s fiscal year allocation.

24 CFR 92.208 (a) establishes the maximum amount of funds a PJ can use for CHDO Operating Assistance. This amount can be up to 5% of the PJ’s fiscal year allocation.
How much funding is available to CHDOs?

• Beyond the amount for CHDO Set-Aside projects, 24 CFR 92.300 (f) establishes the amount of operating funds a CHDO may receive. The rule establishes the amount as 50% of the organizations operating budget or $50,000.00 whichever is greater.

• DCED has established the maximum amount of CHDO operating funds available at $100,000.00.
CHDO Specifics in Pennsylvania
What are the benefits of being a CHDO?

Certification as a CHDO has advantages

• Access to a dedicated source of funds (CHDO Set-Aside)
• Access to CHDO Operating Funds
• Priority consideration for funding
How does a CHDO access CHDO Set-Aside Funds?

- DCED entertains competitive applications on an annual basis. Should all available HOME funds not be contracted during the initial application cycle, an additional application cycle may be scheduled.

- DCED only contracts with Units of General Local Government (UGLGs), therefore applications must be submitted by UGLGs.

- Applications for activities that are CHDO eligible and are submitted on behalf of non-profits that may be CDHO eligible receive priority consideration, provided the application is through and complete.
Community housing development organization means a private nonprofit organization that:

(1) Is organized under State or local laws;
(2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
(3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
Overview of the DCED HOME CHDO Requirements

(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.

(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;

(iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and

(iv) The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.
Overview of the DCED HOME CHDO Requirements (continued)

(4) Has a tax 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) or 1.501(c)(4) -1)), is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, or if 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;”
Overview of the DCED HOME CHDO Requirements (continued)

(5) Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. 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. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;
Overview of the DCED HOME CHDO Requirements (continued)


(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;

(8) Maintains accountability to low-income community residents by:
(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

(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;
Overview of the DCED HOME CHDO Requirements (continued)

(9) 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; and
Overview of the DCED HOME CHDO Requirements (continued)

(10) 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.
CHDOs and the Pennsylvania Housing Finance Agency (PHFA)

- DCED provides an allocation of HOME funds to the Pennsylvania Housing Finance Agency (PHFA) for housing activities.
- When a project is submitted to PHFA that is potentially CHDO eligible, PHFA notifies DCED of the project and organization.
- DCED will contact the organization and provide a CHDO Certification Application.
- DCED will review the application and if eligible, certify the organization as a CHDO.
CHDO Operating Assistance

1) CHDO operating assistance.

2) Cap on operating funds.

3) 24 CFR 92.300 (f) operating assistance
CHDO Operating Assistance

Eligible Uses

Operating expenses are reasonable and necessary costs for the operation of the CHDO, including:

- Salaries, wages, benefits and other employee compensation
- Employee education, training and travel
- Rent and utilities
- Communication costs
- Taxes and insurance
- Equipment, materials and supplies
# CHDO Summary

<table>
<thead>
<tr>
<th>Organization</th>
<th>Board</th>
<th>Staff</th>
<th>Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonprofit &amp; 501 (C) Status</td>
<td>At least 1/3 Low-Income Representation</td>
<td>Directly paid staff performing project role</td>
<td>Designated community “service area”</td>
</tr>
<tr>
<td>Federal financial management standards</td>
<td>No more than 1/3 public officials / employees</td>
<td>Staff have relevant experience / capacity</td>
<td>1 year history of service to Community</td>
</tr>
<tr>
<td>If created by government entity or for-profit, independence required</td>
<td></td>
<td>No staff are also governmental employees</td>
<td>Process for input</td>
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</tbody>
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Once a CHDO, Always a CHDO?

1) Yup, Maybe, Nope!

2) A non-profit organization can do a variety of HOME funded activities. The type of project will determine if the non-profit is acting as a CHDO.
Questions and Answers

You may also contact DCED HOME Program staff with additional questions related to DCED’s HOME Program.

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Dennis Mackey
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### Current HOME Grantee Assignments

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Carpenter</td>
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</tr>
</tbody>
</table>

- **Cumberland County**
- **Northampton County**
- **Cambria County**
- **Centre County**
- **Clinton County**
- **Columbia County**
- **Delaware County**
- **Fayette County**
- **Greene County**
- **Huntingdon County**
- **Indiana County**
- **Lawrence County**
- **Lebanon County**
- **McKean County**
- **Mifflin County**
- **Perry County**
- **Schuylkill County**
- **Snyder County**
- **Union County**
- **Adams County**
- **Blair County**
- **Bucks County**
- **Cameron County**
- **Clearfield County**
- **Luzerne County**
- **Lycoming County**
- **Mercer County**
- **Montour County**
- **Montgomery County**
- **Northumberland County**
- **Potter County**
- **Somerset County**
- **Sullivan County**
- **Tioga County**
- **Warren County**
- **Wayne County**
- **Westmoreland County**
- **Wyoming County**
- **Armstrong County**
- **Bedford County**
- **Bradford County**
- **Butler County**
- **Carbon County**
- **Clarion County**
- **Crawford County**
- **Elk County**
- **Erie County**
- **Forest County**
- **Franklin County**
- **Fulton County**
- **Jefferson County**
- **Juniata County**
- **Lackawanna County**
- **Lehigh County**
- **Monroe County**
- **Pike County**
- **Susquehanna County**
- **Venango County**