

Idaho Housing & Finance Association 2024 CHDO Certification and Operating Assistance Grant Guidance

CHDO's may start submitting applications Wednesday, September 4, 2024. The deadline for applications is Friday September 27, 2024. If approved for a CHDO Operating Grant, CHDO's may draw for eligible costs incurred between August 1, 2024 and July 31, 2025. IHFA has \$200,000 available for CHDO Operating Grants.

A Community Housing Development Organization ("CHDO") is a nonprofit organization representing a specific community, which meets specific criteria regarding organizational structure, legal status, financial and staff capacity. The HOME Department certifies organizations meet CHDO requirements annually for eligibility to qualify for CHDO Operating Grants, and each time CHDO Set Aside (Reserve or "CR") funds are committed to a development activity.

Organizations applying for CHDO Certification or CHDO Operating Grants must submit all documents outlined on the checklist provided. All documents are thoroughly reviewed for adherence to HUD regulations, and IHFA standards.

IHFA is required to evaluate several factors once an application is received. Below are some key pieces reviewed, though it may not be all-inclusive. *Applications must be complete and all forms must be filled out in their entirety upon initial submission. IHFA may deny applications with missing requirements, including incomplete forms or deficient procedures.*

- CHDO must explain their *need* for financial assistance and must thoroughly document their plan to eliminate the need for operating assistance in detail on the CHDO Operating Grant Application. *CHDO operating assistance may not be an option after this year due to constraints from BABA and other regulations. Further, CHDO Operating Grants are meant to be a short-term means of assistance, rather than a long-term allocation the organization depends on. Nonprofits need to actively prepare to operate without CHDO Operating assistance.*
- Financial policies and procedures - In order to meet HUD's expectations, financial policies and procedures will be reviewed, in addition to the organization's certification its standards meet HUD's requirements. Financial audits will continue to be collected and reviewed with applications to verify the organization's financial condition.
- Compliance with audit requirements - Any organization who receives \$750,000 or more in federal funding within a 12-month period is required to do a full single audit, completed by an unaffiliated third-party accounting firm or CPA. Any organization which has not complied with the statutory HUD requirements for audits, has audits which identify deficiencies or concerns (IHFA will take into consideration corrective actions), or has not completed audits in a timely manner, will not be eligible to be certified as a CHDO, or for CHDO Operating Grant funding. *If the organization does not trigger a single audit, annual industry standard financial audits are still required. The organization must comply with its policies and procedures for external financial audits.*
- Full resumes for all staff (not just key staff with direct project involvement) who bring development experience and capacity to the organization. In addition to previous performance by the organization, resumes are reviewed to establish the CHDO's development experience and capacity. This helps IHFA determine the true capacity of the organization, as well as identify others who could continue to help the CHDO meet the development capacity requirement, should a key person become ineligible to meet this requirement, go on leave for an extended period, or leave the organization.

- Consultants - A first year CHDO may use a consultant to meet the development experience requirement, but the consultant would also be subject to the development capacity review. Consultants must be approved by IHFA, and may not be nonprofits who are also applying for CHDO Operating Grant funding. Consultants may ONLY be used for the first year.
- First year CHDO's must provide a statement, with documentation showing proof of their activities, which documents at least one year of experience serving the community in which they reside.
- Existing CHDO's must provide proof of the organization's ongoing service to their community over the last 12 months. HUD expects CHDO's to consistently continue to serve their communities to be certified as a CHDO. This does not include outreach to solicit feedback, but would include community service-based participation like Paint the Town, volunteering at a local event, or other types of service/events the CHDO either organized and carried out, or which the organization participated. This must include documentation (i.e. fliers, photos, agendas, registrations, etc.) of service. A simple list of activities is not sufficient.
- Existing CHDO's MUST have a NEW eligible HOME Single-Family fee simple development project approved within the last 24 months to meet the criteria to continue to qualify as a CHDO. Existing projects approved more than 24 months prior to certification cannot be counted. Projects are considered to be "approved" when IHFA has completed underwriting, approved a budget, and the organization has an executed Loan and Regulatory Agreement with IHFA. Only Single-Family projects are eligible for CHDO funding; therefore, Multi-Family or other project types not defined as Single-Family do not meet this requirement. ****Be advised - starting in 2025, only HOME fee simple homebuyer development activities will count as CHDO eligible activities for the purposes of CHDO qualification. IHFA does not fund CLT or rental activities with CHDO funds due to the ongoing long-term requirements. CLT projects will be counted for 2024, but will not count towards the organizations eligible activities in 2025, even if approved within the previous 24 months and counted in 2024.***
- New CHDO's must have plans in progress to move forward with a CHDO eligible single family development project within the next 12 months. Plans should be at least tentatively documented. CHDO Operating Grant funds cannot be awarded to organizations who do not have the ability or intention of moving forward with Single Family CHDO eligible development project within 12 months of the award. ****Multi-Family, CLT, Rental or other non-fee simple homebuyer projects do not count.***
- New CHDO's who meet the criteria for, and are awarded a CHDO Operating Grant, cannot use CHDO Operating grant funds to pay consultants, without the prior approval of IHFA. CHDO's receiving CHDO operating grant funds from IHFA are not eligible to be a paid consultant to another CHDO.
- Grant funds are primarily used for salaries, insurance, office rent and utilities, bookkeeping, training travel, legal, and standard recurring operating costs. Please verify eligibility for any non-standard/recurring costs with IHFA.
- CHDO Operating Grant draws are paid on a reimbursement basis. Reimbursement will not be approved for any cost which has not yet been incurred and paid by the CHDO.
- All conflicts of interest for any Executive Director, Board Member, Committee Member, or any other staff member of the organization, whether actual or perceived, must be disclosed to and evaluated by IHFA. HUD expects CHDO's to meet a higher standard in regard to conflicts of interest. Examples

include, but are not limited to: Organizational staff, including board members or committee members, who maintain ownership (full or partial), or have supervisory/decision making ability and/or influence or involvement in any capacity for another business entity, which also transacts business with the nonprofit organization; or, any board member, committee member or staff member who may profit through another business entity from a transaction generated by the organization. Nondisclosed relationships and conflicts which are later discovered may result in revocation of CHDO Certifications and/or CHDO Operating Grants. The organization will be required to repay any funds expended from any operating grant which has been revoked.

- Each board member must sign a Conflict of Interest Certification as part of the CHDO's qualifying process vs. submitting one certification on behalf of the board.
- Each board member also signs an "Individual Board Member Certification Form" which certifies the board member's status for low-income representation, as well as whether they're considered a public official. The following requirements apply to these certifications:
 - Board members certifying to live in a low-income census tract must live in a HUD qualified QCT at the time the application is submitted. HUD QCT's can be found at <https://www.huduser.gov/portal/datasets/qct.html#year2024>. Board members must also provide their address for verification purposes on the certification form. *This information is for IHFA internal use only to determine census tract eligibility. While highly unlikely, this information could be subject to a public records request.*
 - Board members certifying to being 80% AMI or below must list the income limit, and number of household members which applies to their household, as well as the city/county or metro area in which they live. *They do not need to provide their actual income, though it should be noted that HUD could request proof of income eligibility during a monitoring.*
 - Board members certifying to being elected by a low-income neighborhood must provide documentation from the low-income neighborhood organization of such election.
- Every CHDO must have a written and approved formal process adopted by the organization which outlines how low-income beneficiaries can advise the organization regarding design, siting, development, and management of HOME assisted housing activities. This requirement can be met by submitting an Adopted Board Resolution with the approved process, or it may be included in the organization's By-Laws. Proof the organization has been actively soliciting feedback from the community, per their approved process, is required every year. If the organization only collects feedback upon commencing new projects, procedures may need to be updated to ensure outreach is completed each year regardless of project status. *If an organization has not completed any such outreach in the last 12 months, the organization cannot be certified as a CHDO.*
- Geographic locations – CHDO's should be primarily serving the communities where they reside. It is acceptable to serve some surrounding areas to the CHDO's primary service area; however, CHDO's are intended to be community specific. Extensive service areas will not be approved. CHDO's will be required to detail their geographic service area (i.e. Canyon and Ada Counties). Service areas can be cities or counties (or smaller areas of a certain city or county if applicable), but cannot be blanket statements like "Southwest Idaho."

*In response to a number of concerns which have surfaced in past CHDO cycles, IHFA *may* prepare a mandatory CHDO Operating Workshop or Training to help CHDO's better understand these requirements. CHDO's will be given advance notice of any workshop or training, allowing time to ensure attendance.

When your organization is ready to upload an application and supporting documents, please send an email request to HOMESF@ihfa.org, to open work center in Procorem. Please specify the names and email addresses of all individuals from your organization you would like to be added to the work center in your request.

IHFA looks forward to continuing to partner with CHDO's to bring affordable housing options to the communities they serve. Please send any questions, concerns, or comments to HOMESF@ihfa.org.