

Idaho Housing & Finance Association 2023 CHDO Certification and Operating Assistance Grant Guidance

CHDO's may start submitting applications Monday August 7, 2023. The deadline for applications is Friday September 1, 2023. If approved for a CHDO Operating Grant, CHDO's may draw for eligible costs between August 1, 2023 and July 31, 2024.

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 status 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. Missing documents, and/or inability to produce documents requested may result in denial of the organizations application.

IHFA is required to evaluate a number of factors once an application is received. Below are some key pieces we review, though it may not be all-inclusive. There are some new requirements, as well as requirements which have been updated. Those requirements have been marked as such below:

- **UPDATED REQUIREMENT - Financial policies and procedures.** In order to meet HUD's expectations, financial policies and procedures will now be reviewed, in addition to the organizations certification its standards meets HUD's requirements. Financial audits will continue to be collected and reviewed with applications to verify the organizations financial condition.
- **UPDATED REQUIREMENT - Compliance with audit requirements.** Any organization which 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. While these audit requirements have not changed, we are providing clarification 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. Please reach out with any questions on the audit requirements which apply to your organization. *If the organization does not trigger a single audit, it must comply with its policies and procedures for frequency of external financial audits.*
- **UPDATED REQUIREMENT – 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. Full resumes vs. brief statements of experience are now required. This helps IHFA to 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.
- 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, and must be approved by IHFA. Consultants may **ONLY** be used for the first year.

- First year CHDO's must provide a statement, with backup, showing proof of their activities, which document at least one year of experience serving the community in which they reside.
- NEW - Existing CHDO's must provide proof of the organizations ongoing service to their community over the last 12 months. HUD expects CHDO's to consistently continue to serve their communities as long as they continue 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 participated in.
- Existing CHDO's MUST have a NEW eligible Single Family 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. A project is considered to be "approved" when IHFA has completed underwriting, approved a budget, and the organization has an executed Loan and Regulatory Agreement with IHFA. **The HUD definition states the organization must have a new approved "CHDO eligible project" within the last 24 months. 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.*
- New CHDO's must have plans 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* development within 12 months of the award. **Multi-Family or other 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.
- 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.
- *RECOMMENDATION - Salaries require the executed Wage/Salary Billing Rate Calculation sheet and pay stubs for proof of pay rate, which sets the salary rate the CHDO may draw for each individual. These must be approved by IHFA before salaries can be drawn. Each time salaries are drawn, backup showing hours worked, etc. is required for each employee. Additionally, every time the pay rate for an employee changes, new rates must be approved. To simplify this process, it's recommended the organization choose only few employees (preferably four or less vs. all employees) to draw salaries for. This reduces the number of employees the rates must be approved for, as well as the amount of documentation required when salaries are drawn.*
- 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, 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 regards to conflicts of interest. Examples include, but are not limited to: Organizational staff, including board 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 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.

- UPDATED REQUIREMENT - 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.
- UPDATED REQUIREMENT – CHDO's will be fully recertified each time funds are committed to a new project. The Full CHDO Certification Checklist will be required, in addition to new Conflict of Interest Certifications, and Board Member Certifications for each project.
- 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 an organization has not completed any such outreach in the last 12 months, the organization cannot be certified as a CHDO.*
- UPDATED REQUIREMENT - 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, by HUD's definition, CHDO's (*Community Housing Development Organizations*) are intended to be community specific. Extensive service areas are not HUD's intent for CHDO's, and 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 to My Ellis at BounmyE@ihfa.org, Kim Deming at KimberlyD@ihfa.org, or Laura Lind at LauraL@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 Kim Deming or My Ellis at the emails specified above.