

NEBRASKA AFFORDABLE HOUSING PROGRAM

Designation as a
Community Housing Development Organization
For Program Year 2011

Application Guidelines



A program of the
Community and Rural Development Division
Department of Economic Development
Community and Rural Development Division
PO Box 94666
Lincoln, NE 68509-4666
(800) 426-6505
www.neded.org

Revised August 2010

Individuals who are hearing and/or speech impaired and have a TDD, may contact the department through the Statewide Relay System by calling one of the following numbers: (800) 833-7352 (TDD), or (800) 833-0902 (voice). The relay operator should be asked to call DED at (800) 426-6505, or (402) 471-3111.

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BASIC INFORMATION FOR APPLICANTS

The Nebraska Affordable Housing Program (NAHP) is intended to 1) provide funds to eligible recipients for acquisition, rehabilitation, construction, and production of affordable housing to increase the supply of decent, safe, and sanitary housing for low-to-moderate income Nebraskans, 2) promote and advance the goals of the 2010-2014 Nebraska Consolidated Plan for Housing and Community Development, and 3) provide a mechanism to leverage private investment in the development of affordable housing.

The NAHP is funded with resources from two U.S. Department of Housing and Urban Development Programs – The Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships (HOME) program, and the state-funded Nebraska Affordable Housing Trust Fund (NAHTF).

These guidelines contain information on how to make an application through the NAHP for Community Housing Development Organization (CHDO) designation for program year 2011 – 2012.

A. Application Purpose

This application is not for funding. See D. HOME CHDO Set-aside for further information on CHDO funding opportunities.

B. Eligible CHDO Designation Applicants

Eligible applicants include community-based non-profit 501(c)(3), 501(c)(4), or section 905 (subordinate organization of a 501(c) organization) organizations with the provision of decent housing that is affordable to low- and moderate-income persons among the purposes of the organization.

In addition, these organizations must meet and satisfactorily demonstrate the prescribed requirements in these guidelines. The Nebraska Department of Economic Development (DED or “the department”) designates nonprofit organizations that meet defined criteria as CHDOs. A CHDO is defined in the HOME Investment Partnerships Program Final Rule Subpart A, Section 92.2.

Note: Non-profits are not required to be a designated CHDO to access DED NAHP funding as a non-profit.

C. Application and Designation Process

Applications are prepared at the applicant’s expense.

Applications will be accepted by DED according to the application cycles shown. Applications are reviewed using the selection criteria in these guidelines.

Community Housing Development Organization Designation	
Cycle	Date Due
One Application Cycle	<u>October 4, 2010</u>

The CHDO designation application must be received **electronically** or **via fax** using the information below, **on or before 5:00 PM , October 4, 2010**. At the end of the application period the Department reviews applications and determines which organizations meet the criteria to be designated CHDOs. If designated, the organization will be eligible for CHDO set-aside HOME funds in Program Year 2011 (July 1, 2011 to June 30, 2012).

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D. HOME CHDO Set-aside

The U.S. Department of Housing and Urban Development (HUD) requires DED to set-aside at least 15% of the annual allocation of HOME funds for designated CHDOs. With this purpose, HUD also provides detailed regulations and guidance on the required purpose, structure and capacity of an organization in order to receive CHDO designation and therefore be eligible for CHDO set-aside funds.

HOME CHDO set-aside eligible activities are detailed in the supplemental information. The purpose of the HOME CHDO set-aside is to support community based projects where the non-profit organization (the CHDO) is owning, sponsoring, or developing the housing. An organization choosing to apply for and maintain CHDO status should take careful consideration of the restrictions outlined in these guidelines.

DED has flexibility annually on the process to be used to distribute HOME CHDO set-aside funds. The method of distribution must be approved by HUD as part of the Annual Action Plan.

The following are some examples of how CHDO set-aside funds could be distributed in the future:

1. An application process based on activity and project. If the process is competitive, it could include funding in addition to CHDO set-aside.
2. An application process based on committing funds to CHDOs before a specific project or activity has been determined.
3. An open, informal process of negotiation between DED and the CHDO on current and future HOME CHDO set-aside funding commitments to establish long-term affordable housing planning in the community.

CHDOS are also eligible to apply for other DED NAHP funding available to non-profit affordable housing organizations, which may or may not be to own, sponsor, and develop activities.

Note: Non-profits are not required to be a designated CHDO to access DED NAHP funding as a non-profit.

CHDO Designation Application Instructions

Application narratives should be thorough and concise. The Department reserves the right to verify all information and to consult with other agencies.

Failure to follow these instructions will result in your application being returned.

PART I: GENERAL INFORMATION INSTRUCTIONS

Type or print all information except where signatures are required.

Box 1: Provide the requested information.

Box 2: Enter the name, mailing address and telephone number of the person who prepared the application.

Box 3: Enter whether you are enclosing your charter, articles of incorporation and by-laws or if they were submitted previously. If previously submitted list the date of submittal.

PART II: REQUIREMENTS FOR DESIGNATION AS A CHDO FORM

1. Complete the eight-page form by checking the boxes and indicating the **specific** page numbers that the documentation can be found in the application to demonstrate that the organization does meet all the requirements as outlined in I through X.

For example, if the purpose of the organization is documented on page 12 of the Articles of Incorporation, please note that specifically, not just generally that the Articles of Incorporation can be found on pages 10-27.

If you are not able to “check” in the “checkboxes” due to formatting issues, first try double-clicking on the box and choosing “checked option,” if that does not work please place an X directly to the left of the checkbox.

2. Attach all required documentation. If submitting electronically as an e-mail attachment, please provide in a .pdf format.

Applicants must carefully read and review the Application Guidelines and the criteria to develop a complete application.

In submitting your application, these instructions must be followed:

- Submit the application as an e-mail attachment in .pdf format or fax.
- All pages **must** be numbered in sequence at the **bottom** of the page.

2011 APPLICATION FOR CHDO DESIGNATION

Nebraska Department of Economic Development (DED)

PART I. GENERAL INFORMATION

TYPE OR PRINT ALL INFORMATION

1. APPLICANT IDENTIFICATION	2. PERSON PREPARING APPLICATION								
Applicant _____	Name _____								
Contact _____	Address _____								
Address _____	City/State/Zip _____								
City/State/Zip _____	Telephone # _____								
Telephone # () _____	Email Address _____								
Fax Number () _____									
Federal Tax ID Number _____									
Email Address _____									
3. SUPPORTING DOCUMENTATION									
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%; background-color: #cccccc;">Enclosed</th> <th style="width: 85%; background-color: #cccccc;">Submitted Previously</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td><input type="checkbox"/> Charter Date _____</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td><input type="checkbox"/> Articles of Incorporation Date _____</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td><input type="checkbox"/> By-Laws Date _____</td> </tr> </tbody> </table>	Enclosed	Submitted Previously	<input type="checkbox"/>	<input type="checkbox"/> Charter Date _____	<input type="checkbox"/>	<input type="checkbox"/> Articles of Incorporation Date _____	<input type="checkbox"/>	<input type="checkbox"/> By-Laws Date _____	
Enclosed	Submitted Previously								
<input type="checkbox"/>	<input type="checkbox"/> Charter Date _____								
<input type="checkbox"/>	<input type="checkbox"/> Articles of Incorporation Date _____								
<input type="checkbox"/>	<input type="checkbox"/> By-Laws Date _____								

4. CERTIFYING OFFICIAL:

To the best of my knowledge and belief, data and information in this application are true and correct. All previously submitted documentation has not been changed since submittal. The governing body of the applicant has duly authorized this application.

Typed Name and Title

Signature

Date approved

SUBMIT THE ENTIRE APPLICATION *:

Part II: requirements for designation as a CHDO FORM

Requirements are in the three areas of legal status, organizational structure, and capacity and experience.

Legal Status

I. The organization has the legal ability to operate in Nebraska and is maintaining its status.

There is no required documentation to be submitted. Department staff will verify at <https://www.nol.org/sos/corp/corptest.cgi?nav=search>. Please check prior to the application due date that the organization is listed and identified in Good Standing.

II. The organization must specifically adhere to the following three criteria demonstrated in one or more of documents listed in the box below.

1. One of the purposes of the organization is to provide decent housing that is affordable to low- and moderate-income persons.

Organization is a 2010 Nebraska CHDO and the purpose has not been changed

AND/OR

Charter (Page Number _____)

AND/OR

Articles of Incorporation. (Page Number _____)

AND/OR

By-Laws (Page Number _____)

AND/OR

Resolution of the Organization's Board of Directors (Page Number _____)

2. No part of the organization's earnings may benefit any members, founders, contributors or individuals.

Organization is a 2010 Nebraska CHDO and the status of this requirement has not changed

AND/OR

Charter (Page Number _____)

AND/OR

Articles of Incorporation (Page Number _____)

AND/OR

By-Laws (Page Number _____)

AND/OR

Resolution of the Organization's Board of Directors (Page Number _____)

3. The organization must serve a clearly defined geographic service area that may be a neighborhood, city or cities, county or counties, but not the whole state (clearly identify the service area).

Organization is a 2010 Nebraska CHDO and the defined CHDO service area has not changed.

AND/OR

Charter (Page Number _____)

AND/OR

Articles of Incorporation (Page Number _____)

AND/OR

By-Laws (Page Number _____)

AND/OR

Resolution of the Organization's Board of Directors (Page Number _____)

III. The organization must identify other non-profits and local governments providing affordable housing in their defined service area and describe how they interact in providing housing in the area in an efficient non-duplicative manner.

Organization is a 2010 Nebraska CHDO and the clarification of non-profit and local government coordination has not changed.
OR
 Narrative Describing the Above:
AND
 Organization’s Service Area Map (Page Number _____)

IV. The 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. The 501(c) designations permissible are 501(c)(3), 501(c)(4), and Section 905 status as a subordinate organization of a 501(c) organization. The designation may be either a valid conditional or final designation from the IRS.

Organization is a 2010 Nebraska CHDO and a final designation from the IRS was previously submitted and on file at the Department of Economic Development.
 Letter from the IRS for either final or conditional designation (Page Number _____)

Organizational Structure

A CHDO board must be composed as follows:

- A **minimum** of one-third **must** be low-income representatives
- A **maximum** of one-third **may** be representatives of the public sector

Eligible Low-Income Representatives:

- **A low-income resident** – An individual who certifies that they qualify as low-income (family income at or below the 80% area median family income).
- **Previous CHDO beneficiary that is a resident of a low-income neighborhood** – An individual who certifies that they live in a neighborhood that is no less than 51% low-to-moderate income and they benefited from housing assistance from the CHDO.

Public Sector Representatives:

- **Elected Officials** – **State** legislators and **State** office holders.
- **Appointed Officials** – members of any regulatory and/or advisory board or commission that are appointed by elected **State** officials.
- **Public Employees** – all employees of **State** government.
- **Appointed to the CHDO Board by a Public Official of the State** – any individual who is not necessarily a public official of the **State**, but has been appointed by a public official from the **State** to serve on the CHDO board.

Note: Members of the CHDO board appointed by public officials of the State cannot select other members of the board

Note: Board members meeting the definition of a public sector representative cannot meet the definition of a low-income representative for purposes of required board composition.

V. The organization must clearly commit to a governing board structure of at least one-third low-income representatives and no more than one-third public sector representatives, as evidenced by By-Laws, Charter, or Articles of Incorporation.

- Organization is a 2010 Nebraska CHDO and the governing board structure has not changed**
- OR**
- By-Laws (Page Number _____)**
- OR**
- Charter (Page Number _____)**
- OR**
- Articles of Incorporation (Page Number _____)**

VI. The organization must demonstrate that the current board meets the requirements that at least one-third of the board are low-income representatives and no more than one-third are public sector representatives.

- Submit a list of current board members with names, addresses and places of employment with the low-income representatives and public sector representatives identified (Page Number _____)**
- AND**
- Submit signed certifications from each low-income representative attesting that they meet the criteria as low-income OR have met the criteria as an individual that lives in a neighborhood that is no less than 51% low-to-moderate income and they benefited from housing assistance from the organization on or after January 1, 2001 (Page Number _____)**

Low-Income Input

VII. Input from the low-income community is not met solely by having low-income representation on the board. A CHDO must also have a formal process for low-income program beneficiaries to advise the CHDO on **design, location of sites, development and management of affordable housing**.

CHDOs should establish systems for community involvement in parts of their service areas where housing will be developed, but which are not represented on their boards. Such systems might include special committees of neighbors of a proposed development site, neighborhood advisory councils or open town meetings. **Submit written and adopted process for low-income input.**

NOTE: This is the most common deficiency in CHDO designation applications. This input process must be demonstrated as institutionalized through the by-laws or board resolutions and followed for every proposed housing project that the organization is involved. Submitting a process that is not sufficient will result in the organization not meeting 2010 designation criteria.

- Organization is a 2010 Nebraska CHDO and the Low-income Input process has not changed.**
- By-Laws (Page Number _____),**
- OR**
- Board Resolutions (Page Number _____)**

Capacity and Experience

Experience

VIII. A CHDO must demonstrate that it has at least one year of experience serving the community where it intends to develop HOME-assisted housing. Newly created organizations wishing to become CHDOs can meet this requirement if the sponsoring organization is a nonprofit and has provided services to the community for at least one year. The year of service does not have to be directly related to housing.

Organization is a 2010 Nebraska CHDO

OR

Submit written narrative, newspaper clippings, annual reports, other funding approvals or other evidence that applicant organization or its sponsor has at least one year in serving the community (Page Number _____)

OR

Submit written narrative, newspaper clippings, annual reports or funding approvals as evidence of CHDO activities undertaken on or before January 1, 2007 in the service area (Page Number _____)

OR

Submit a written statement from your NDED housing representative that the organization has experience serving the community

Capacity

IX. CHDOs must demonstrate their capacity to carry out the HOME-assisted activities they are planning. This means the CHDO must have one of the following:

- Experienced key staff that has successfully completed projects similar to those proposed by the CHDO. While CHDOs may rely upon volunteers to augment capacity or perform some functions, key staff must be paid employees of the CHDO (employees of another organization that contractually provides staff to the CHDO does not meet this requirement).
- Key staff with limited or no experience, and who will use experienced consultants for the planning and development activities, as long as there is a plan in place for an experienced consultant to train the key staff.
- The organization will hire staff by July 1, 2011 with the required experience or the new staff will work with an experienced consultant under a plan in place to train the new staff.

Submit resumes and/or statements that describe the experience of key staff members and copies of any contracts with consultants to train key staff members. If key staff members are in the process of being hired, include a copy of a training plan (Page Number _____)

Financial

X. CHDOs must have financial accountability standards that conform to 24 CFR 84.21, “Standards for Financial Management Systems.”

NOTE: The notarized statement or certification must specifically state that the 24 CFR 84.21 “Standards for Financial Management Systems.” Notarized statements or certifications that refer to other accounting standards, such as OMB Circular A-122, will not be a sufficient demonstration that the organization meets this criterion for designation.

Organization is a 2010 Nebraska CHDO and the Financial Management Systems have not been changed

OR

Submit a notarized statement by the president or chief financial officer of the organization

OR

Submit a certification from a Certified Public Accountant (Page Number _____)

Sponsored CHDOs (Complete this section if applicable)

XI. Nonprofits that have been sponsored by other nonprofits, charities, religious organizations, local or state government, public agencies or for-profit corporations may qualify as CHDOs, but certain additional requirements and board limitations can apply.

Nonprofit and charity sponsors:

There are no limits on the proportion of the board that may be appointed by nonprofit or charity sponsors, as long as the minimum one-third low-income representation is met and the maximum one-third public sector representation is not exceeded.

Religious organization sponsors:

Religious organizations cannot qualify as CHDOs, but they may sponsor the creation of wholly secular nonprofits (Section 92.257 of the HOME Final Rule). There are no limits on the proportion of the board that may be appointed by the religious organization. However, the religious organization may not control the nonprofit. The developed housing must be used exclusively for secular purposes. It must also be ensured that housing owned, developed, or sponsored by the organization will be made available to all persons, regardless of religious affiliation or belief.

Local/state government and public agency sponsors:

A local or state government and/or a public agency cannot qualify as a CHDO, but may sponsor the creation of CHDOs. Government officials and appointees of the government cannot exceed one-third of the members of the board. All other CHDO rules and requirements also apply.

For-profit corporate sponsors:

A CHDO cannot be controlled by, nor be under the direction of, for-profit entities, or individuals seeking profit from the organization. CHDOs may be sponsored or organized by a for-profit if the primary purpose of the for-profit sponsor is not the development or management of housing (that is, a builder, developer, or real estate management firm may not spin off a CHDO). The for-profit sponsor cannot appoint more than one-third of the CHDO's governing board and the board members appointed by the for-profit cannot appoint other members of the board. The sponsored CHDO also must be free to contract for goods and services from any vendors it selects.

Identify the sponsoring entity (Page Number _____)

AND

Provide evidence that the organization meets the applicable requirements via the organization's By-Laws (Page Number _____)

OR

Provide evidence that the organization meets the applicable requirements via the organization's Charter (Page Number _____)

OR

Provide evidence that the organization meets the applicable requirements via the organization's Articles of Incorporation (Page Number _____)

AND

For-profit sponsored organizations must also provide the sponsoring organization's By-Laws proving that the for-profit entity's primary purpose does not include the development or management of housing (Page Number _____)

SUPPLEMENTAL INFORMATION

HOME CHDO Set-Aside Eligible Activities

State of Nebraska Department of Economic Development Reference HUD CPD Notice 97-11

HOME CHDO Set-Aside funds are for use by State Designated CHDOs. Eligible Activities Include:

Assisting homebuyers with purchasing newly constructed housing developed by the CHDO

- The CHDO must obtain financing, construct the dwelling and have title to the property. The HOME loan/grant obligations must be transferred to the homebuyer within a specified time frame. [develop]
- This can include a lease-purchase program where the unit is sold within 36 months of completion. [develop]

Assisting homebuyers with purchasing housing that was previously purchased and rehabilitated by the CHDO.

- The CHDO must obtain financing, rehabilitate the dwelling, and have title to the property. The HOME loan/grant obligations must be transferred to the homebuyer within a specified time frame. [develop]
- This can include a lease-purchase program where the unit is sold within 36 months of completion. [develop]

Developing newly constructed affordable rental housing .

- The CHDO can develop, which includes obtaining the financing to construct, and manage the property for the long-term [develop]
- Or, the CHDO can own in partnership where the CHDO is the general partner (i.e. decision-making authority) [own]
- Or the CHDO has obtained financing to construct the project and transfers the project to another entity for long-term ownership and management. If the CHDO does not own the property, the CHDO must enter into a contractual obligation with the property owner. This contractual obligation is independent of the agreement between the CHDO and the Nebraska Dept. of Economic Development. [develop]
- Or, the CHDO may also transfer the ownership to a second non-profit at a predetermined time before commitment of the HOME funds to the CHDO from the Nebraska Department of Economic Development. The non-profit must be financially and legally separate from the CHDO. [sponsor]

Purchasing an existing building and rehabilitating it for use as affordable rental housing.

- The CHDO can develop, which includes obtaining the financing to rehabilitate, and manage the property for the long-term [develop]*
- Or, the CHDO can own in partnership where the CHDO is the general partner (i.e. decision-making authority) [own]
- Or the CHDO has obtained financing to rehabilitate the project and transfers the project to another entity for long-term ownership and management. If the CHDO does not own the property, the CHDO must enter into a contractual obligation with the property owner. This contractual obligation is independent of the PJ. [develop]
- Or, the CHDO may also transfer the ownership to a second non-profit at a predetermined time before commitment of the HOME funds to the CHDO from the Nebraska Department of Economic Development. The non-profit must be financially and legally separate from the CHDO. [sponsor]

Ineligible HOME CHDO Set-Aside Activities

- Owner-occupied rehabilitation programs where the CHDO does not hold title to the property at any time and therefore does not have effective project control.
- Direct homeownership assistance programs where the CHDO does not hold title to the property at any time and therefore does not have effective project control.