



Housing Division  
201 North Broadway, Escondido, CA 92025  
Phone: 760-839-4841 Fax: 760-741-0619

August 20, 2013

To all Interested Organizations:

The City of Escondido receives an annual allocation of HOME Program funding from the U.S. Department of Housing and Urban Development (HUD). The HOME Program regulations require that a minimum of 15 percent (15%) of the total HOME grant be allocated to certified CHDOs. A CHDO is a nonprofit organization that has been certified by the City as meeting HUD's CHDO requirements. Funds reserved under this regulation must be used by the CHDO for housing development activities and projects.

If this funding source is one in which your organization would be interested and you believe your organization may be eligible for certification, please submit the required information. Attached are a fact sheet and the CHDO Checklist to aid you in submitting the proper information to become certified.

Please submit the information to the City of Escondido, Housing Division at the address above for timely consideration. If you have any questions, please contact Robyn Dare at 760-839-4055 ([RDare@escondido.org](mailto:RDare@escondido.org)) or myself at 760-839-4356 ([KYouel@escondido.org](mailto:KYouel@escondido.org)).

Sincerely,

Karen Youel  
Housing Management Analyst II

**HOME Program Definition of  
Community Housing Development Organization**

*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) Has a clearly defined geographic service area;
- (4) 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:
  - (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; and
  - (iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
- (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;
- (5) Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization; however, the State or local government 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 representatives of the public sector. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members;
- (6) Has standards of financial accountability that conform to 24 CFR 82.21 "Standards for Financial Management Systems."

- (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;
- (9) Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced accomplished key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
- (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. 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.

Organization \_\_\_\_\_  
Completed By \_\_\_\_\_  
Date \_\_\_\_\_

**CHDO CHECKLIST**

The information contained in this checklist refers to the definition of Community Housing Development Organization (CHDO) in Subpart A, Section 92.2 of the HOME Final Rule.

**I. LEGAL STATUS**

**A.** The nonprofit organization is organized under State or local laws, as evidenced by:

\_\_\_\_\_ a Charter, **OR**  
\_\_\_\_\_ Articles of Incorporation.

**B.** No part of its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

\_\_\_\_\_ a Charter, **OR**  
\_\_\_\_\_ Articles of Incorporation.

**C.** Has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3) or (4) of the Internal Revenue Code of 1986, as evidenced by:

\_\_\_\_\_ a 501(c)(3) or (4) Certificate from the IRS.

**D.** Has among its purposes the provision of decent housing that is affordable to low- and moderate-income people, as evidenced by a statement in the organization's:

\_\_\_\_\_ Charter,  
\_\_\_\_\_ Articles of Incorporation,  
\_\_\_\_\_ By-laws,  
\_\_\_\_\_ Resolutions, **OR**  
\_\_\_\_\_ A HUD approved audit summary.

## II. CAPACITY

- A. Conforms to the financial accountability standards of Attachment F of OMB Circular A-110, "Standards for Financial Management Systems", as evidenced by:

\_\_\_\_\_ a notarized statement by the president or chief financial officer of the organization,

\_\_\_\_\_ a certification from a Certified Public Accountant, OR

\_\_\_\_\_ a HUD approved audit summary.

- B. Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:

\_\_\_\_\_ resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds, OR

\_\_\_\_\_ contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.

- C. Has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by:

\_\_\_\_\_ a statement that documents at least one year of experience in serving the community, OR

\_\_\_\_\_ for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience serving the community.

The CHDO or its parent organization must be able to show one year of serving the community from the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president of the organization or by a HUD-approved representative.

### III. ORGANIZATIONAL STRUCTURE

- A. Maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organization's:

\_\_\_\_\_ **By-laws,**  
\_\_\_\_\_ **Charter, OR**  
\_\_\_\_\_ **Articles of Incorporation.**

Under the HOME program, for urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area (but not the whole state).

- B. Provides a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects, as evidenced by:

\_\_\_\_\_ **the organization's By-laws,**  
\_\_\_\_\_ **Resolutions, OR**  
\_\_\_\_\_ **a written statement of operating procedures approved  
by the governing body.**

- C. A CHDO may be chartered by a State or local government, however, the State or local government may not appoint: (1) more than one-third of the membership of the organization's governing body; (2) the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members are public officials (including any employees of the PJ), as evidenced by the organization's:

\_\_\_\_\_ **By-laws,**  
\_\_\_\_\_ **Charter, OR**  
\_\_\_\_\_ **Articles of Incorporation.**

- D. If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDOs governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the CHDOs:

\_\_\_\_\_ **By-laws,**  
\_\_\_\_\_ **Charter, OR**  
\_\_\_\_\_ **Articles of Incorporation.**

#### **IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES**

- A. The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by:

\_\_\_\_\_ **the organization's By-laws, OR**  
\_\_\_\_\_ **a Memorandum of Understanding (MOU).**

- B. A CHDO may be sponsored or created by a for-profit entity, however:

- (1) the for-profit entity's primary purpose does not include the development or management of housing, as evidenced:

\_\_\_\_\_ **the for-profit organization's By-laws**

**AND;**

- (2) the CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced in the CHDOs:

\_\_\_\_\_ **By-laws,**  
\_\_\_\_\_ **Charter, OR**  
\_\_\_\_\_ **Articles of Incorporation.**

In addition to the above documents, please submit the following:

- (1) List of current Boardmembers, their home addresses, affiliations, and place of employment.
- (2) Board of Directors meeting schedule for the next six months, including time and location of Board meetings.
- (3) Copies of minutes of last two Board meetings.
- (4) Signed certification for each Board member that is fulfilling the low-income representation requirement. Certifications must state in which of the following ways the Board member meets the low-income requirement:
  - (a) has an annual gross income less than 80% of the area median income;
  - (b) is a resident of a low-income neighborhood (51% of the residents have an annual gross income less than 80% of the area median income);
  - (c) is an elected representative of an organization composed primarily of residents of a low-income neighborhood. Area median income is currently \$75,900.