

REQUEST FOR PROPOSALS FOR PERMANENT HOUSING

FAIRFAX COUNTY

CDBG/HOME AFFORDABLE HOUSING PROJECTS

FY 2020

The Fairfax County Department of Housing and Community Development (HCD) announces the availability of funds under the federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs. Project proposals are being solicited to acquire, develop and rehabilitate affordable rental housing.

Only multifamily rental projects consisting of 30 units or less and scattered site unit rental projects will be eligible under this request.

Additional points will be given to projects that include acquisition, development, and rehabilitation of affordable housing and serve households meeting one or more of the following special needs criteria:

- Elderly persons ages 62 and up earning at or below 30% of Area Median Income (AMI);
- Youth transitioning out of foster care earning at or below 60% of AMI;
- Homeless (or at risk of homelessness) earning at or below 60% of AMI;
- Persons with disabilities (physical, mental, or sensory) earning at or below 60% of AMI;
- Veterans earning at or below 60% of AMI; and
- Survivors of domestic violence earning at or below 80% of AMI.

The funding available under this request for proposals is an estimated total of \$2,366,875, consisting of \$877,797 in CDBG funds and \$1,489,078 in HOME funds (\$291,105 of which are reserved for Community Housing Development Organizations (CHDOs)). **Funding awarded to successful applicants must be used within 24 months of approval by the Fairfax County Redevelopment and Housing Authority (FCRHA) of grant awards (i.e., project completion and fully occupied by beneficiaries).**

ELIGIBLE APPLICANTS: To access CDBG and HOME funds, eligible applicants must have:

- A designation as a 501(c)(3) organization by the Internal Revenue Service.
- A demonstrated successful track record in owning and managing real estate. If a non-profit applicant does not have an established track record, the organization is encouraged to partner with another non-profit organization with applicable experience.
- A demonstrated successful track record in the provision of services to persons from low-income households, experiencing homelessness or at risk of homelessness, or from other special needs populations. If a non-profit applicant does not have an established track record, the organization is encouraged to partner with another non-profit with applicable experience.
- A current sound financial condition. Non-profits will be required to provide the last three years annual audited financial statements and auditor's opinion and management letter, if issued. Audits must be conducted by an independent licensed certified public accountant.
- No current debarment. Any person or firm suspended or debarred from participating in County, State, or Federal procurement is ineligible to receive funding. This includes both applicants and any partnering organization identified as part of an application.

To access the HOME CHDO funding, in addition to the above, eligible applicants must be certified as meeting the CHDO requirements for each specific use of HOME funds. Preliminary CHDO certification applications will be accepted along with this RFP. See the CHDO Checklist (Appendix 7) for a full description of HOME CHDO criteria and required documentation. Further certification will be required prior to disbursement of HOME CHDO funds.

Applications must be received for consideration of funding by HCD at the 1st floor reception desk, 3700 Pender Drive, Fairfax, Virginia 22030 by 4:00 p.m., Friday, September 6, 2019. An original and five (5) copies are to be submitted.



INTRODUCTION: APPLICATION GUIDELINES



PURPOSE: AFFORDABLE HOUSING PROJECTS

The Fairfax County Department of Housing and Community Development (HCD) is announcing the availability of funds provided to Fairfax County under the CDBG and HOME programs administered by the U.S. Department of Housing and Urban Development (HUD). The funds are available to eligible non-profit applicants for the purpose of preserving, improving, and developing CDBG- and HOME-eligible affordable housing in Fairfax County, consistent with Fairfax County's Housing Blueprint and Consolidated Plan.

FEDERAL FUNDS AVAILABLE

The funding available under this request for proposal includes a total estimated \$2,366,875, consisting of \$877,797 in CDBG funds and \$1,489,078 in HOME funds (\$291,105 of which are reserved for CHDOs). Organizations wishing to use HOME CHDO funding must be certified as a CHDO on a project-specific basis.

AWARD OF FUNDS

All applications will first be subject to preliminary screening by HCD for completeness. A Selection Advisory Committee appointed by the Director of HCD will review those deemed complete. Preliminary selection(s) will be made based on the extent to which the proposal(s) meets the evaluation criteria. The proposal(s) selected and recommended for final award will be subject to approval by the Fairfax County Redevelopment and Housing Authority (FCRHA) and the HCD Loan Underwriting Committee. Applicants will be notified of the final award(s) approved by the FCRHA. A funded applicant must have a registered Dun & Bradstreet number, and a contract(s) between the FCRHA and the funded applicant(s) must be executed prior to any disbursement of funds.

If HCD does not receive enough proposals that satisfactorily meet the evaluation criteria, HCD may: 1) award additional funds for the proposals approved under this Request for Proposals (RFP) based on project needs and number of affordable units; 2) consider, on a first-come, first-served basis, unsolicited proposals; or 3) informally solicit proposals as opportunities are identified to fully utilize available funding for preservation of additional units.

The FCRHA reserves the right to fund no applications in this round of funding.

Funding awarded to successful applicants must be used within 24 months of approval by the FCRHA of grant awards (i.e., project completion and fully occupied by beneficiaries). Any unexpended funds may revert back to the FCRHA for eligible uses to ensure timely expenditure of federal funds. In addition, priority points will be given to projects that plan to expend project funds prior to April 24, 2020.

MINIMUM PROJECT REQUIREMENTS

In order for a CDBG and HOME funded project to receive consideration, it must meet the following minimum requirements:

For all projects:

1. Proposals must meet the metrics set forth in the Housing Blueprint, consistent with the needs and priorities identified in the Consolidated Plan One Year Action Plan for FY 2020, and serve populations eligible under CDBG and/or HOME. (See <https://www.fairfaxcounty.gov/housing/data/housing-blueprint> and <https://www.fairfaxcounty.gov/housing/data/consolidated-plan>.)
2. The project to be financed is located in Fairfax County or one of the Participating Jurisdictions (Towns of Clifton, Vienna, Herndon, and the City of Fairfax). To the extent feasible, applications should be site specific.
3. Evidence that the proposed development is permitted under existing local zoning and regulatory requirements. Related documentation may be required.
4. Projects requiring permanent relocation will be considered for funding only if they give displaced households (who meet all eligibility criteria of the new project) the first right to return to the rehabilitated or developed units. Projects that involve temporary or permanent relocation must meet the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
5. The proposal does not include an expansion or improvement of a county-owned facility or other publicly-owned residential facility.
6. General administrative and operating costs are ineligible for funding under this RFP.
7. Projects must be financially feasible. Proposals demonstrating ability to leverage funds are preferred, however, proposals requesting 100% financing per unit will be considered.
8. Funds under this RFP cannot be used to analyze project feasibility. Third-party inspections and appraisals, subject to HCD satisfaction, will be required prior to release of funds. An environmental review must be completed for any project funded with federal funds prior to the commitment and disbursement of funds to a specific property.
9. Rehabilitation and new construction projects may be subject to the wage and hour requirements of the Davis-Bacon Act, as well as the accessibility requirements under 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973.
10. Acquisition and renovation of existing housing are also subject to lead-based paint (LBP) testing (particularly units built prior to 1978). Depending on the age of the structure(s), scope of work, and type of work, LBP testing can vary in extent and need as mandated by HUD. For further guidance on the Lead Safe Housing Rule, see: https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr.
11. Worksheet A of the Application must be completed and signed.

For projects using HOME CHDO funds: in addition to the above, the following are minimum requirements:

1. The purpose of the proposal must be to use CHDO set-aside funds to finance a CHDO-eligible project which, upon completion, will be occupied by HOME income-eligible households.
2. The applicant must be certified as an eligible CHDO.

CDBG-Eligible Activities through this RFP (24 CFR §§ 570.201, 570.202, 570.204 and 570.208)

Grant funding may be used for acquisition, development, and rehabilitation assistance for permanent, affordable rental projects that benefit low- or moderate-income persons.

- A. **Income targeting:** The project must meet income targeting requirements for housing units assisted under this RFP (See Appendix #6), as follows:
 - The annual income of project beneficiaries in each CDBG-assisted unit cannot exceed 80% of the area median income (AMI) at the time of occupancy or at the time that the funds are invested, whichever is later.
 - Preference in scoring and award of funding is given to projects that serve beneficiaries with incomes at or below 30% AMI.
- B. **Rent limitations:** The rental amount for each CDBG-assisted unit should not exceed HUD's fair market rent (FMR) for the DC-VA-MD area shown in Appendix #5.
- C. **Period of Affordability:** CDBG regulations require that assisted units remain affordable for a minimum of five years. The FCRHA requires an additional 25-year affordability period after the initial five years, for a total affordability period of 30 years.
- D. **Eligible Costs (24 CFR §§ 570.201, 570.202, 570.204 for more detail) A non-exhaustive list includes:**
 - 1) Acquisition costs of land or buildings
 - 2) Labor, materials, supplies and other rehabilitation costs
 - 3) Clearance, demolition, and remediation activities
 - 4) Site improvements
 - 5) Energy efficiency improvements
 - 6) Evaluating and treating lead-based paint
 - 7) Accessibility improvements
 - 8) Related soft costs
 - 9) Relocation costs for displaced individuals, families, businesses, and organizations
 - 10) Renovation of abandoned buildings (for residential under this RFP)

HOME-Eligible Activities through this RFP (24 CFR § 92.205)

Grant funding may be used for acquisition and rehabilitation assistance for permanent or transitional rental housing that benefit low- or moderate-income persons, including permanent housing for disabled persons, homeless persons and single-room occupancy housing. Generally, funds can be used for the following activities:

- 1) Acquisition
- 2) New construction
- 3) Reconstruction
- 4) Rehabilitation of non-luxury housing with suitable amenities

- 5) Site improvement
- 6) Conversion
- 7) Demolition

Conversion of an existing structure to affordable housing is considered rehabilitation, unless the conversion entails adding one or more units beyond the existing walls, in which case, the project is new construction under HOME federal regulations.

Acquisition of vacant land or demolition must be undertaken only with respect to a particular housing project intended to provide affordable housing, and for which funds for construction have been committed.

Housing that has received an initial certificate of occupancy or equivalent document within a one-year period before the county commits HOME funds to the project is new construction under the HOME federal regulations.

- A. **Income targeting:** The project must meet income targeting requirements for housing units assisted under this RFP (See Appendix #6), as follows:
 - The annual income of not less than 90% of the project beneficiaries in each HOME-assisted unit cannot exceed 60% of AMI at the time of occupancy or at the time that the funds are invested, whichever is later. The incomes of the remaining project beneficiaries must be at or below 80% of AMI.
 - Preference in scoring and award of funding is given to projects that serve beneficiaries with incomes at or below 30% AMI.
- B. **Minimum per-unit subsidy:** Federal HOME regulations require that the minimum amount of HOME funds that must be invested in a rental housing project is \$1,000 per the number of affordable units in the project.
- C. **Maximum per-unit subsidy:** The amount of HOME funds that the county may invest on a per-unit basis in affordable housing may not exceed the Home Maximum Per Unit Subsidy Limits shown in Appendix #4. Until a new rule can be published, HUD published a Notice establishing an interim policy that Field Office staff and participating jurisdictions (PJs) must follow directing PJs to use the Section 234-Condominium Housing basic mortgage limits, for elevator-type projects, as an alternative to the Section 221(d)(3) limits in order to determine the maximum amount of HOME funds a PJ may invest on a per-unit basis in HOME-assisted housing projects. This interim policy remains in effect until the effective date of the new final rule provisions, amending the existing provisions of 24 CFR 92.250(a). The Section 234 program insures blanket mortgages for the construction or substantial rehabilitation of multifamily projects to be sold upon completion as individual condominium units. Over time, these limits issued by HUD have been identical to the Section 221(d)(3) limits. Consequently, substituting the Section 234 basic mortgage limits for the Section 221(d)(3) limits is consistent with the intent of the National Affordable Housing Act of 1990 (NAHA) and the implementing provisions of the HOME Final Rule. HUD's Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the Federal Register. The Office of Multifamily Housing also establishes high cost percentage exceptions (HCP) for specific areas. To ensure consistency with the provisions of section 212(e)(1) of NAHA and 24 CFR 92.250(a), the HOME maximum per-unit subsidy limit that HUD can approve for a PJ cannot exceed 240 percent of the Section 234 basic mortgage limit (i.e. 100 percent of the basic mortgage limit plus up to 140 percent in high cost areas). For a PJ whose HCP has been increased above the 240 percent, the CPD Division must cap the HOME per-unit subsidy limit at 240 percent of the Section 234 basic mortgage limit.
- D. **Rent limitations:** The rental amount of each HOME-assisted unit cannot exceed the rents outlined in Appendix #5.
- E. **Period of Affordability:** HOME regulations require that assisted units remain affordable for a minimum of five years to 20 years, depending on the type of activity as well as the amount

of HOME subsidy. The HOME affordability period will be determined during project underwriting, and the FCRHA will require an additional affordability period, so that the total affordability period is 30 years.

F. Eligible Costs (24 CFR §§ 92.206 and 92.301):

- 1) Development hard costs: The actual cost of constructing or rehabilitating all housing types, including mixed use and mixed income developments, ownership or rental housing, and special needs housing.
- 2) Acquisition costs.
- 3) Related soft costs: Other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of new construction, rehabilitation, or acquisition of housing assisted with HOME funds, i.e., architectural, engineering, permits, financing, developer and legal fees, as well as working capital and closing costs.
- 4) Relocation costs: Costs of relocation payments and other relocation assistance for temporarily displaced individuals, families, businesses, and organizations. Projects involving permanent relocation will not be considered for funding.
- 5) Applications requesting HOME funds to cover expenses related to project-specific technical assistance, site control and seed money and project feasibility studies will be considered and evaluated on a case-by-case basis.
- 6) Tenant-based rental assistance (TBRA) is not an eligible cost under this RFP. This RFP includes funds set aside for eligible CDBG/HOME development activity.

LOAN TERMS

1. Type of Financing: deferred non-amortizing loan
2. Interest Rate: 0% interest
3. Maturity & Affordability Period: 30 years
4. Security: Deed of Trust
5. Repayment Conditions: If during the 30-year affordability period, the property is (a) sold or (b) no longer used as affordable rental housing, then the borrower will pay the FCRHA an amount equal to the loan proceeds plus 2% annual simple interest. If the property is sold or no longer used for affordable housing after the end of the 30-year affordability period, the borrower will only be required to pay back to the 2% annual simple interest.

DISBURSEMENT OF FUNDS

Funds will be disbursed only at the time all conditions of the award have been met by the applicant, which include all CDBG and HOME requirements. Disbursement of funds under this RFP is subject to:

- Approval by the FCRHA and HCD's Loan Underwriting Committee;
- Execution of a contract between the applicant and the FCRHA;
- Federal and local program requirements;
- A contract of sale and the transfer of the deed of ownership to applicant at closing;
- A certified appraisal to be conducted by an HCD chosen appraiser paid by the nonprofit at or before closing;
- Completion of all repair/replacement items cited in the home inspection report submitted during underwriting;
- Execution of FCRHA loan documents;
- 30-year affordability period subject to the above loan terms;
- Interim financial reports;
- Proof that the respondent has notified the appropriate Board of Supervisor member and FCRHA Commissioner of the pending project in their district;
- Environmental clearance conducted by HCD;
- A home inspection report;
- Certified lead-based paint and radon test report, when applicable;

- A condominium resale package, if applicable;
- Any other additional legal documentation as required; and
- Other factors as deemed necessary to protect the interest of the FCRHA and Fairfax County

It should be noted that the contract execution may be delayed until all conditions of the award are met. If the applicant fails to meet the conditions of the award within the allotted time, the award may be revoked and the funds allocated may be deobligated and reprogrammed to other projects or non-profits. Funds must be expended in full accordance with the contract and loan documents with the applicant. It is expected that funds will be expended, and the project completed and fully occupied with beneficiaries, within 24 months from the date of approval by the FCRHA of grant awards.

CONFLICT OF INTEREST

Applicant must comply with applicable Fairfax County, Virginia and federal conflict of interest requirements (including Title 24 CFR § 570.611 and Title 24 CFR § 92.356). For example, the FCRHA prohibits the loan of county funds to any non-profit entity found to be in violation of any of the following conflicts of interest:

1. No member of the applicant's Board of Directors, or any other employee of the applicant, may serve as the realtor brokering any real estate transaction between the applicant and a third-party seller.
2. No owner, developer or sponsor of a project assisted with CDBG or HOME funds (or employees, agents, consultants, officers, and elected or appointed officials) may occupy a CDBG or HOME-assisted affordable housing unit in a project.
3. If an applicant Board includes any member or members who are also Fairfax County Department of Housing and Community Development (HCD) employees, any such employees must recuse themselves from any aspect of the review and selection process so as to avoid the appearance of conflict of interest and the perception of favoritism on the part of HCD toward any individual applicant.
4. No persons who exercise or have exercised any functions or responsibilities with respect to CDBG or HOME activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities may 1) obtain a financial interest or benefit from a CDBG or HOME-assisted activity, or 2) have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG or HOME-assisted activity.

Persons covered under the conflict of interest provision are as follows:

- Employees of the non-profit organization;
- Agents representing the non-profit;
- Consultants to the non-profit;
- Officers or Board members of the non-profit;
- Elected officials, appointed officials, or employees of any designated public agencies; and
- Those who have business or immediate family ties, during their tenure or for one year thereafter.

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APPENDIX 1

Housing Blueprint and Five-Year Consolidated Plan for FY 2016-2020 Goals

On January 26, 2010, the Fairfax County Board of Supervisors adopted a “**Housing Blueprint**”, which established the county’s affordable housing policy direction for FY 2011 and beyond. The Housing Blueprint reflects the philosophy of the Board that affordable housing is a continuum ranging from the needs of people experiencing homelessness to first-time homebuyers. Included in this range are the diverse housing needs of hard-working, but low paid families; senior citizens; persons with physical or mental disabilities; and the workforce across Fairfax County. The targets and priority needs set forth in the Housing Blueprint are revised and updated each year, and have evolved over time as a product of ongoing input from the community.

The **housing goals** established in the Housing Blueprint are as follows:

- **Goal 1:** To end homelessness in 10 years (by 2018, retrospective),
- **Goal 2:** To provide affordable housing options to those with special needs
- **Goal 3:** To meet the affordable housing needs of low-income working families; and
- **Goal 4:** To produce workforce housing sufficient to accommodate projected job growth

The Five-Year Consolidated Plan for FY 2016-2020 reflects the overarching goals of the Housing Blueprint, and is the product of the input gathered through the process of bringing together county officials and staff, representatives from the non-profit community and for-profit development sector, and the citizens of Fairfax County and supplemented by data compiled from local sources, HUD, and the U.S. Census Bureau. To accomplish these goals, Fairfax County will draw upon the community and private sector to leverage resources through partnerships. The county will complete projects already in the pipeline as well as embark on new initiatives.

APPENDIX 2

Five-Year Consolidated Plan for FY 2016-2020 Housing Objectives

The listing below shows the specific objectives that will help meet the Housing Blueprint goals.

Specific Housing Objectives

Objective Number	Objective Description
1	Provide affordable housing units/rental subsidies to homeless individuals and families
2	Provide housing units affordable to persons with physical or mental disabilities, including persons with HIV/AIDS
3	Provide housing units affordable to households with very low (<50 percent AMI), to extremely-low incomes (<30 percent AMI), including low-income working families and other special needs populations
4	Provide sufficient workforce housing through land use policy
5	Provide sufficient workforce housing through private sector partnerships
6	Preserve existing Public Housing by ensuring greater sustainability
7	Promote resident self sufficiency
8	Foster coordination and partnerships

Source: Fairfax County Consolidated Plan for Fiscal Years 2016-2020.

APPENDIX 3

FCRHA Funding Guidelines Loan Adjustment and Additional Financing Policy

This policy amends and restates the former “FCRHA Refinancing and/or Subordination Policy” adopted by the Fairfax County Redevelopment and Housing Authority (FCRHA) on March 7, 2013.

In addition to all other financing conditions contained in the applicable FCRHA loan documents, the following conditions must be met for all FCRHA loans for the acquisition or rehabilitation of affordable units or third party loans proposed for properties already being used as security for an FCRHA loan:

- **No other financing may be placed against the secured property that includes cross-collateralization or cross-default provisions.** This requirement ensures that in the event of a default, the other lender can foreclose only on the loan and secured property in question, and will not be able to foreclose on any other property within a portfolio.
- **No cash out financing will be permitted.** This requirement ensures that the properties are not over-leveraged and that the FCRHA’s equity share is not put at risk.
- **A minimum Debt Service Coverage Ratio for all the financing on the property of 1.0 must be met.** This requirement ensures that the properties have sufficient revenue to meet operating expenses and pay the debt on additional must-pay loans.
- **Loan-to-Value (LTV) of all financing on the property may not exceed 100 percent of the appraised value of the property (with the appraisal acceptable to Housing and Community Development staff).** This requirement ensures that the property is not burdened with more debt than it can support and minimizes FCRHA risk.

An exception to the required LTV will be made for FCRHA rehabilitation loans meeting all of the following conditions:

- 100 percent of the loan goes to the rehabilitation work;
- Loan proceeds are federal funds;
- The properties for which the loan proceeds will be used are owned by the non-profit borrower and are either scattered site properties or are five or less units in a multi-family development;
- The properties serve households specified in the borrowers’ procurement awards;

- The loan proceeds allocated to each property may not exceed \$20,000 per property;
- LTV not to exceed 120 percent based on assessed value.
- **Fixed interest rate, fully amortizing mortgages (with terms that are the same as the corresponding amortization periods) with no balloon payment(s) will be preferred over other types of financing.** This requirement ensures that the debt service expense is predictable and can be accurately included in future budgets.
- **Funding of an “FCRHA Reserve Account” to backstop balloon payments, if any, will be required.** If the FCRHA consents to additional financing with a balloon payment, this requirement ensures that the borrower has funds available to be used at the time of refinancing of the balloon payment.
- **Any other factors may be considered as deemed necessary after review and evaluation by the Department of Housing and Community Development’s Loan Underwriting Committee and approved by the FCRHA.**
- **Changes in terms beyond a change in the interest rate must be approved by the FCRHA.**
- **Exceptions to the policy must be approved by the FCRHA.**

APPENDIX 4

HOME Maximum Per-Unit Subsidy Limits Effective May 9, 2019

Efficiency/SRO	One Bedroom	Two Bedroom	Three Bedroom	Four-Bedroom
\$150,209	\$166,438	\$204,084	\$255,605	\$289,018

Source: Pending guidance from HUD, Fairfax County was instructed to use the 2019 Section 234 Condo Housing limits for elevator-type projects and Fairfax County's HCP. Those amounts are reflected above.

APPENDIX 5

CDBG/HOME Rent Limitations Effective June 28, 2019

	EFFC	1 BDRM	2 BDRM	3 BDRM	4 BDRM	5 BDRM	6 BDRM
Low HOME Rent Limit (50% of AMI or below)	\$1,062	\$1,138	\$1,365	\$1,577	\$1,760	\$1,941	\$2,122
High HOME Rent Limit (80% of AMI or below)	\$1,310	1,405	\$1,665	1,942	\$2,148	2,351	\$2,554
Fair Market Rent	\$1,415	\$1,454	\$1,665	\$2,176	2,678	\$3,080	3,481

Source: U.S. Department of Housing and Urban Development District of Columbia Field Office: Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area 2019 HOME Program Rents

APPENDIX 6

CDBG/HOME Income Limits Effective June 28, 2019

Persons	30% Limits (Extremely Low- Income)	50% Limits (Very Low- Income)	60% Limits (Low- Income)	80% Limits (Moderate- Income)
1	\$25,500	\$42,500	\$51,000	\$54,350
2	\$29,150	\$48,550	\$58,260	\$62,100

3	\$32,800	\$54,600	\$65,520	\$69,850
4	\$36,400	\$60,650	\$72,780	\$77,600
5	\$39,350	\$65,550	\$78,660	\$83,850
6	\$42,250	\$70,400	\$84,480	\$90,050
7	\$45,150	\$75,250	\$90,300	\$96,250
8	\$48,050	\$80,100	\$96,120	\$102,450

Source: U.S. Department of Housing and Urban Development District of Columbia Field Office: Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area 2019 HOME Program Income Limits

APPENDIX 7

Community Housing Development Organizations (CHDOs)

In order to be considered for CHDO funding, all proposed projects must be considered eligible under the requirements of the FY 2013 HOME Final Rule, including provisions pertaining to CHDO-specific affordable housing activities. CHDOs must meet requirements pertaining to their legal status, independence, accountability to the low-income community, and capacity and experience. See <https://www.hudexchange.info/programs/home/home-final-rule/>.

ELIGIBLE CHDO ACTIVITIES	ELIGIBLE CHDO SET ASIDE ACTIVITIES		
ELIGIBLE ACTIVITY	CHDO Developer	CHDO Sponsor	CHDO Owner
Acquisition/rehabilitation of rental housing.	X	X	X
New construction of rental housing.	X	X	X
Acquisition/rehabilitation of homebuyer properties.	X	X	X
New construction of homebuyer properties.	X	X	X
Direct financial assistance (i.e. downpayment and closing costs) to purchasers of HOME-assisted homebuyer housing owned, sponsored or developed by a CHDO with HOME funds.	X	X	X

CHDO Checklist

The information contained in this checklist refers to the definition of Community Housing Development Organizations (CHDOs) in Subpart A, § 92.2 of the HOME Final Rule. This checklist is a preliminary phase in the CHDO Certification Process. Project specific CHDO certification will be conducted during the underwriting and award process for each CHDO funded project. All previous CHDO certifications are no longer valid.

I. LEGAL STATUS

A. The non-profit 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) of the Internal Revenue Code of 1986, as evidenced by:

___ a 501 (c) Certificate from the IRS.

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

___ Charter,
___ Articles of Incorporation,
___ By-laws, or
___ Resolutions.

II. CAPACITY

- A. Conforms to the financial accountability standards of 24 CFR § 84.21 (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 salaried 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. (New CHDO's only with no previous experience in Fairfax County)

- C. Has a history of serving the community where housing to be assisted with HOME funds will be used, 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 in 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 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), provided that the governing board contains low-income residents from each of the multi-county areas.

- 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 all HOME-assisted 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, 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 CHDO's 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 CHDO's:

By-Laws,
 Charter, or
 Articles of Incorporation.

IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES

- A. 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 Community Housing Development Organization may be sponsored or created by a for-profit entity, however:

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

____ by 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 by the CHDO's:

____ By-Laws,

____ Charter, or

____ Articles of Incorporation.

HUD Exchange