

Community Housing Development Organization (CHDO)

What is a CHDO?

A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

Per HUD HOME regulations, IHCD is required to reserve no less than 15% of their HOME allocation for CHDOs. HOME funds can be utilized for acquisition, rehabilitation, or new construction of rental and homeownership activities.

While applicants to IHCD's HOME Program may apply to do a range of activities, in order to count towards the 15 percent set-aside, the applicant must:

- Be certified by IHCD as a CHDO; and
- It must act as the owner, developer, or sponsor of a project type described above

CHDO Benefits

IHCD uses HOME funds to provide special assistance to CHDOs and eligible entities seeking to become CHDOs. This assistance includes:

- Project predevelopment loans
- Supplemental operating funds separate from administrative, program delivery and developer fees
- Use of HOME project proceeds/income for other HOME-eligible activities or activities that benefit low-income families in general
- Capacity-building assistance

Community Action Agencies that are Certified CHDOs

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|----------------|--------------------|------------------|
| 1. Area IV | 4. CAPE | 7. Lincoln Hills |
| 2. Brightpoint | 5. Hoosier Uplands | 8. North Central |
| 3. CAPWI | 6. ICAP | 9. Tri-Cap |

Potential Conflicts between CSBG and CHDO requirements

Board Composition

- **CSBG:** At least one third democratically-selected representative of the low-income community, exactly one-third local elected officials (or their representatives), and the remaining membership from major groups and interests in the community.
- **CHDO:** At least one-third must be representatives of the low-income community, no more than one-third may be public officials or employees of a governmental entity, and the rest is unrestricted.

Low-Income Board Representation

- **CSBG:** A low-income representative must be low-income or be democratically selected via “procedures that are adequate to assure that [they] are representative of the poor in the area served.”
- **CHDO:** A low-income representative must be low-income, live in a low-income community (determined through census tract or block group and the Federal Financial Institutions Examination Council) or be a part of a low-income neighborhood group.

Low-Income Board Representation

- **CSBG:** If the agency is utilizing a low-income board member rather than a representative, that individual must be at or below 125% of the Federal Poverty Guidelines
- **CHDO:** If the agency is utilizing a low-income board member rather than a representative, that individual must be at or below 80% Area Median Income

Low-Income Board Representation

- **CSBG:** Government officials, employees and appointees can fill the low-income representative requirement (but not the elected official requirement at the same time).
- **CHDO:** Government officials/employees/appointees cannot count toward the 1/3 low-income representation

Accountability to Low-Income Population

- **CSBG:** At least one third of the board must be democratically-selected representatives of the low-income community
- **CHDO:** At least one third of the board must be democratically-selected representatives of the low-income community AND there must be a formal advisory process that allows low-income program beneficiaries to contribute on decisions regarding the design, location, development, and management of affordable housing projects.

Certification

- **CSBG:** Eligible entities were designated
- **CHDO:** Organizations must be certified by IHCD with a project application. They must recertify every time they apply with a project.