



We Are Columbia

City of Columbia

Community Development

The Application for Certification Guide for HOME Community Housing Development and Non-Profit Organizations (CHDO's)

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WHAT IS A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)?

A CHDO (pronounced cho'doe) is a private non-profit, community-based service organization that has significant capacity, and whose **primary** purpose is, to develop affordable housing for the community it serves. Certified CHDOs receive special designation from the City of Columbia (COC). The HOME Program definition of a CHDO is found at 24 CFR Part 92.2.

WHAT SPECIAL BENEFITS ARE AVAILABLE TO CHDOs?

HOME regulations require that the COC set aside 15 percent of its annual HOME allocation exclusively for qualified, eligible CHDO projects. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside just for CHDOs, financial support for a portion of its operating expenses associated with CHDO projects, as well as any additional money that the COC advocates within any given fiscal year.

REGULATORY REQUIREMENTS FOR CHDO CERTIFICATION

The U.S. Department of Housing and Urban Development has established standard criteria for organizations to be eligible to become a certified CHDO:

1. **Organized Under State/Local Law.** A nonprofit organization must show evidence in its Articles of Incorporation that it is organized under state or local law.
2. **Nonprofit Status.** The organization must be conditionally designated or have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. A 501(c) certificate from the IRS must evidence the ruling.
3. **Purpose of Organization.** Among its primary purposes, the organization must have the provision of decent housing that is affordable to low- and moderate-income people. This must be evidenced by a statement in the organization's Articles of Incorporation and/or Bylaws.
4. **Board Structure.** The board of directors must be organized to contain no more than one-third representation from the public sector and a minimum of one-third representation from the low-income community.
5. **No For-Profit Control.** The organization may not be controlled by, nor receive directions from, individuals or entities seeking profit from or that will derive direct benefit from the organization.
6. **No Individual Benefit.** No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the organization's Articles of Incorporation.
7. **Clearly Defined Service Area.** The organization must have a clearly defined geographic service area outlined in its Articles of Incorporation and/or Bylaws. CHDOs may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a city, town, village, county, or multi-county area), they may not include the entire state.

8. **Low-Income Advisory Process.** A formal process must be developed and implemented for low-income program beneficiaries and low-income residents of the organization's service area to advise the organization in all of its decisions regarding the design, location, development and management of affordable housing projects.
9. **Capacity/Experience.** The key staff and board of directors must have significant experience and capacity to carry out CHDO-eligible; HOME-assisted projects in the community where it intends to develop affordable housing (key staff and board of directors have successfully completed HOME-funded, CHDO-eligible projects in the past).
10. **Community Service.** A minimum of one year of relative experience serving the community (ies) where it intends to develop affordable housing must be demonstrated.
11. **Financial Accountability Standards.** The organization must meet and adhere to the financial accountability standards as outlined in 24 CFR 84.21, "Standards for Financial Management Systems."

COC REQUIREMENTS FOR CHDO CERTIFICATION

In addition to the regulatory requirements, COC has established additional criteria for CHDO designation. To be eligible for CHDO designation, an organization must also:

1. Maintain a record of good standing with the South Carolina Secretary of State's office.
2. Employ at least one paid, full-time housing production staff person.
3. Maintain a staffed, physical office location in the proposed service area that is open for business and accessible by potential program applicants during generally-accepted customary business hours.
4. Have established a minimum five-year strategic business plan, which must include CHDO-related production and community involvement goals.
5. Maintain a history of no significant compliance findings on its COC-funded projects.

Please note that the criteria noted above is not intended to be all-inclusive and COC may require additional information prior to making a determination for CHDO designation. Meeting the above requirements does not guarantee that the organization will be granted CHDO designation. COC reserves the right to deny or revoke CHDO designation based upon its evaluation of the nonprofit organization's performance. Designated CHDOs will be evaluated periodically for production and other benchmarks as established by COC.

ORGANIZATIONAL STRUCTURE REQUIREMENTS FOR CHDO CERTIFICATION

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is **controlled by the community it serves**. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external agendas.

There are four specific requirements related to the organization's board, which must be evidenced in the organization's Articles of Incorporation and/or Bylaws. These are:

1. **Low Income Representation.** At least one-third of the organization's board must be representatives of the low-income community served by the CHDO. There are three ways a board member can meet the definition of a low-income representative:
 - The person lives in a low-income neighborhood where 51% or more of the residents are low-income. This person need not necessarily be low-income.

Or

 - The person is a low-income (below 80% area median income) resident of the community.

Or

 - The person was elected by a low-income neighborhood organization to serve on the CHDO board. The organization must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block groups, neighborhood associations, and neighborhood watch groups.

The CHDO is required to certify the status of low-income representatives.

2. **Public Sector Limitations.** No more than one-third of the organization's board may be representatives of the public sector, including elected public officials, appointees of a public official or any employees of COC or the Commonwealth of South Carolina. If a person qualifies as a low-income representative **and** a public sector representative, their role as a public sector representative supersedes their residency or income status. Therefore, this person counts toward the one-third public sector limitation.
3. **Low Income Advisory Process.** Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described in writing in the Articles of Incorporation and/or Bylaws. Each project undertaken by the CHDO should allow potential program beneficiaries to be involved and provide input on the entire project from project concept, design and site location to property management. One way to accomplish this requirement is to develop a project advisory committee for each project or community where a HOME assisted project will be developed. Proof of input from the low-income community will be required at the CHDO's annual recertification.
4. **For-Profit Limitations.** If a CHDO is sponsored by a for-profit entity, the for-profit may not appoint more than one-third of the board. The board members appointed by the for-profit may not appoint the remaining two-third of the board members.

EXPERIENCE, CAPACITY AND FINANCIAL ACCOUNTABILITY REQUIREMENTS FOR CHDO CERTIFICATION

To be certified as a CHDO, the HOME Program requires organizations to demonstrate sufficient experience, capacity, and financial accountability.

EXPERIENCE & CAPACITY

CHDOs must demonstrate a history of serving the community where the housing to be assisted with HOME funds will be located. HUD requires that organizations show a history of serving the community by providing:

- A statement that documents at least one year of experience serving the community.
- For newly created organizations, provide a statement that the parent organization (if applicable) has at least one year experience serving the community.

CHDOs must demonstrate that their key staff and board of directors have the **relevant** experience necessary to perform the HOME-assisted activities they plan to undertake. CHDOs must provide resumes and/or statements of key staff members that describe their experience of successfully completed projects similar to those proposed.

Requirements: The COC may not reserve HOME funds to a CHDO for development activities unless the COC has determined that the CHDO has staff with demonstrated development experience. The COC must ensure that the current CHDO staff has experience developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed.

HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO. Staff does not include volunteers, board members, or consultants.

Applicability to COC Activities: This requirement applies to all reservations and commitments of CHDO set-aside funds made from the COC's HOME allocation in which the CHDO is acting as the developer.

HUD Implementations: Any time the COC subgrants HOME funds from its set-aside (CR) subfund to a CHDO, non-profit or for profit, for a project, the PJ must certify in IDIS that it has carefully evaluated the development capacity of the CHDO staff, and has determined that the CHDO staff has the knowledge, skills, and experience necessary to undertake eligible CHDO set-aside projects.

FINANCIAL ACCOUNTABILITY

CHDOs must have financial accountability standards that conform to the requirements detailed in 24 CFR 82.21, "Standards for Financial Management Systems." This can be evidenced by:

- A notarized statement by the president or chief financial officer of the organization.
- Certification from a certified public accountant.
- Audit completed by CPA.

CHDO SERVICE AREA

All CHDOs should have a clearly defined **geographic** service area. CHDOs do not need to represent a single neighborhood.

- For urban areas, a CHDO may include in its service area a neighborhood or neighborhoods, city, county, or metropolitan area.
- For rural areas, a CHDO may include in its service area a neighborhood or neighborhoods, town, village, county or multi-county area (but not the entire State).

Nonprofits serving special populations **must also** define the geographic boundaries of their service areas in order to qualify as CHDOs. All HOME funded projects must be located within the incorporated City Limits of Columbia, South Carolina as defined within your service area. CHDOs will be required to provide updates and documentation on how it is ensuring that it is active and visible in the communities included in its service area.

CHDO RECERTIFICATION

To ensure compliance with the HOME regulations, each CHDO will be required to submit specific information to COC on an annual basis, including, but not limited to, a list of its board of directors, as well as which sector each represents, an updated two-year business plan and a description of how the low-income advisory process was implemented. If no HOME funds were used within the reporting period, a detailed description of all other affordable housing initiatives undertaken will be requested.

CHDOs that have not been allocated project funds from the HOME CHDO set-aside for three consecutive years will be deemed inactive. At its discretion, COC may revoke the designation of inactive CHDOs based upon a review of other non-CHDO housing activities the organization has undertaken (if any), as well as other factors deemed appropriate by COC.

CHDO SET-ASIDE

The HOME requirements at 24 CFR Part 92.300 require COC to set aside at least 15 percent of its annual HOME allocation for projects owned, developed or sponsored by CHDOs.

A certified CHDO must serve as the owner, developer or sponsor of a HOME-eligible project when using funds from the 15 percent CHDO set-aside. A CHDO may serve in one of these roles or it may undertake projects in which it combines roles, such as being both an owner and developer.

CHDO AS AN OWNER

A CHDO is considered an owner of a property when it holds valid legal title or has a long-term leasehold interest (99-year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities.

While a CHDO may be sole owner and have another entity act as developer, it can also be the owner and developer of its own project. The CHDO may own a property in partnership with either a majority or minority interest. However, the CHDO, in partnership with a wholly owned for profit or nonprofit

subsidiary, must be the managing general partner with effective control (in decision making authority) of the project.

CHDO AS DEVELOPER

A CHDO is considered a developer when it either owns the property and develops the project or has the contractual obligation to a property owner to develop a project.

If the CHDO owns the property, it must obtain financing and rehabilitate or construct the project. For HOME-assisted rental housing the CHDO may maintain ownership and manage the project over the long term, or it may transfer the project to another entity for long-term ownership and management. For HOME-assisted homebuyer projects, the CHDO must transfer title to the property and the HOME obligations to an eligible homebuyer within a specified time frame of project completion.

If the CHDO does not own the property, it must be under a contractual obligation with the owner to obtain financing and rehabilitate or construct the project. Under this arrangement, the CHDO assumes all risks and rewards associated with being the project developer. A written agreement between the CHDO and the property owner must detail the CHDO's specific obligations. For HOME-assisted rental housing, the CHDO may manage the project for the owner at project completion. For homebuyer housing, the owner must transfer title of the property and the HOME obligations to eligible homebuyers within a specified timeframe of project completion.

If the CHDO develops the property for an owner pursuant to a written or other agreement with COC, the CHDO is acting in the capacity of a subrecipient. CHDOs receiving funds as subrecipients cannot use the funds from the 15 percent set-aside for that particular project or service.

CHDO AS A SPONSOR

A CHDO may be a sponsor for both HOME-assisted rental housing and homebuyer housing. A CHDO sponsor must always own the project prior to and/or during the development phase of the project.

For HOME-assisted homebuyer projects - The CHDO is considered a sponsor when it owns a property and then transfers responsibility for the project to another nonprofit at a specified time in the development process. The second nonprofit, in turn, transfers title, along with the HOME obligations and resale/recapture requirements, to a HOME-qualified homebuyer within a specified time frame. In this situation, the following requirements apply:

- The HOME funds must be invested in the property owned by the CHDO.
- The other nonprofit being sponsored by the CHDO must acquire the completed units or complete the rehabilitation or construction of the property.

Upon completion of the rehabilitation or construction, the sponsored nonprofit is required to sell (transfer) the property, along with the HOME loan/grant obligations, to a qualified homebuyer.

For HOME-assisted rental housing - The CHDO is considered a sponsor when it develops a project that it solely or partially owns and agrees to convey ownership to a second nonprofit organization at a

predetermined time. The conveyance may occur prior to or during development or upon completion of the development of the project. In this situation, the following requirements apply:

- HOME funds must be invested in the project owned by the CHDO sponsor. The CHDO sponsor must identify the particular nonprofit organization that will obtain ownership of the property prior to commitment of HOME funds. The second nonprofit must assume all HOME obligations (including repayment of loans and tenant and rent requirements) for the project from the CHDO at a specified time. If the property is not transferred to the nonprofit organization, the CHDO sponsor will remain liable for the HOME obligations.
- The nonprofit organization must be financially and legally separate from the CHDO sponsor. (The second nonprofit may have been created by the CHDO; nevertheless it is a separate entity from the CHDO.) The CHDO must provide sufficient resources to the nonprofit organization to ensure the completion of the development and long-term operation of the project.

CHDOs AS DEVELOPER OR SPONSOR

The CHDO developer and sponsor roles are similar in many ways. In both roles, the CHDO carries out the principal project development activities, such as acquisition, financing, construction management, and assembling a capable development team to bring a project from conception to completion. However, as developer, the CHDO need not own the property. As sponsor, the CHDO must own the property and shift the responsibility to another nonprofit at a specified time in the development process. This transfer could occur, for example, at the:

- Initiation of the construction,
- Completion of the construction, or
- Issuance of the certificate of occupancy.

ELIGIBLE AND INELIGIBLE USES OF HOME CHDO SET-ASIDE FUNDS

ELIGIBLE ACTIVITIES - OWNERS, SPONSORS, DEVELOPERS

Using the 15% set-aside, a CHDO acting as an owner, sponsor, or developer may undertake any of the following activities:

- acquisition and/or rehabilitation of rental property;
- new construction of rental housing;
- acquisition, rehabilitation and resale of existing, vacant homebuyer property;
- new construction of homebuyer property;
- direct financial assistance to purchasers of HOME-assisted housing developed by a CHDO with HOME CHDO set-aside funds.

Please note that to be considered a CHDO-eligible project, CHDO set-aside HOME funds must be used during the construction or rehabilitation of the project.

INELIGIBLE CHDO ACTIVITIES

Using the 15% set-aside, a CHDO may not undertake any of the following activities:

- Rehabilitation of existing homeowners' properties;
- Tenant-based rental assistance (TBRA); or
- Down payment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO set-aside funds.

ELIGIBLE ACTIVITIES - SUBRECIPIENTS

CHDOs may also act as subrecipients with non-set-aside funds by undertaking all other HOME-eligible activities such as:

- Tenant-Based Rental Assistance (TBRA);
- Owner-occupied rehabilitation of single-family dwellings; and
- Down payment or closing cost assistance in the acquisition of single-family units.

OPERATING EXPENSES

From time to time, funds may be available to provide general operating assistance to CHDOs receiving or which will receive CHDO set-aside funds for activities. When funds are available, certified CHDOs that are administering an eligible project funded from the CHDO set-aside may be eligible to receive funds to be used for operating expenses. COC has the option of allocating up to 5 percent of its HOME allocation to provide funds for CHDO operating expenses. This allocation does not count toward the required 15 percent CHDO set-aside funds that are to be used by CHDOs for projects.

The amount of operating funds awarded will be based on the following factors:

1. The total amount of HOME funds COC has available to allocate for reimbursable CHDO operating expenses;
2. The anticipated completion date of your current CHDO set-aside project(s); and
3. The CHDO's past performance as a CHDO developer.

Operating funds will be provided on a fiscal year basis (July 1 – June 30) provided funds are available and the CHDO has demonstrated acceptable performance.

Although the disbursement of CHDO operating funds is not tied directly to the draw down of the CHDO project funds, COC reserves the right to delay disbursement of operating funds if it is evident that the CHDO project is experiencing excessive delays.

COC reserves the right to reduce the amount of, or not award, operating funds based upon its evaluation of the CHDO's production and overall performance.

Eligible operating expenses for which CHDOs may use operating funds include:

- Salaries, wages, benefits, and other employee compensation
- Employee education, training and travel
- Rent and utilities
- Communication costs
- Taxes and insurance
- Equipment, materials and supplies

Because the purpose of providing CHDO operating support is to nurture successful CHDOs and ensure their continued growth and success, COC will periodically evaluate the performance of any CHDO wishing to receive CHDO operating funds.

Progress Reporting

To document its performance and be eligible to receive operating funds, the CHDO must provide three quarterly progress reports coinciding with the quarterly draw requests for CHDO operating funds (the last progress report will be contained in the annual recertification). At its discretion, COC may reduce the requirement to semi-annual progress reports (one mid-year report and the annual recertification).

The CHDO must use the quarterly progress report form provided by COC and describe the following:

- The status of the currently funded CHDO project.
 - If the CHDO is not currently administering an eligible project, it must have a CHDO-eligible project in pre-development that will be submitted to COC for funding within 12 months and be able to describe the intended project design and location. If the CHDO does not have an eligible project funded by COC within that timeframe, operating support will not be awarded until an eligible project is funded.
- A detailed narrative of the specific uses of CHDO operating funds, as well as a description of what the receipt of operating funds has enabled the CHDO to undertake or accomplish that it would otherwise have been unable to achieve.
- An update on the CHDO's progress in meeting the specific goals outlined in its 2-year strategic plan, as submitted in the annual recertification.
- The community involvement and participation of the CHDO, particularly with the intended beneficiaries of its projects, as well as partner organizations and other entities involved in serving low- and moderate-income households.
- The activities and involvement of the board of directors in the planning and development of the CHDO's projects.

- The ongoing development of its staff and board of directors; i.e., trainings completed, certifications achieved, recognition awarded, etc.

Additional Requirements

In order to be eligible to receive operating support, CHDOs must also meet the following requirements:

- Demonstrate incrementally increasing production goals and/or expansion of its services to the community.
- Provide a copy of its annual operating budget.
- Document that it has resolved any compliance findings on its COC-funded projects in a timely manner. If a compliance finding is noted, it must be resolved before the next CHDO operating draw. The finding and resolution must be detailed in the quarterly progress report.

CHDOs are strongly encouraged to participate with COC and the Homeless and Housing Coalition of South Carolina as a resource/contact for an area of expertise of its choosing, for the purpose of mentoring and assisting in the development of newer, less experienced CHDOs and other nonprofit organizations. A description of its mentoring activities should be provided in the quarterly progress reports.

Process for Drawing CHDO Operating Funds

CHDO operating funds are awarded on a fiscal year (July 1 – June 30) basis. Draw requests for eligible expenditures may be made on a calendar quarter reimbursement basis (CHDO must first expend the funds and then request reimbursement from COC). For example, the CHDO may submit a draw request in October for eligible expenses incurred and paid in calendar quarter July – September. For CHDOs that become eligible to receive operating support mid-year, the following will apply:

- Eligibility determined July - December: CHDO operating funds will be retroactive to July 1 of the current fiscal year and draw requests may be submitted for eligible expenses incurred during that timeframe. If eligible expenses can not be documented, CHDO operating will begin on July 1 of the following year.
- Eligibility determined January - June: CHDO operating will begin on July 1 of the following fiscal year and draw requests may be submitted beginning in October of that year.

Operating funds must be drawn on a quarterly basis, beginning October 1 of the applicable fiscal year. The quarterly draw requests must be submitted within 30 days of the end of each quarter; otherwise, operating funds are subject to recapture. Each quarterly draw request must be accompanied by an updated CHDO Quarterly Progress Report.

CHDO PROCEEDS

In an effort to support the organizational strength and financial stability of CHDOs, COC may, upon request, allow a CHDO to retain proceeds generated from its CHDO set-aside projects. To be eligible to request to retain CHDO proceeds, a CHDO must meet all of the following criteria:

1. Demonstrate a minimum of three (3) years of experience administering a revolving loan fund in a size and amount similar to the anticipated revolving loan pool to be derived from the use of CHDO proceeds. In its request, the CHDO must describe or provide the following:
 - a. type of existing revolving loan fund it administers (housing, economic development, etc.);
 - b. how many loans it is servicing;
 - c. year-to-date balance sheet for the revolving loan fund (must be current within 30 days of submission);
 - d. length of time the revolving loan fund has been in place;
 - e. source (or seed money) that established the fund and any associated restrictions;
 - f. loan servicing mechanism the CHDO utilizes (loan tracking software, manual ledger books, etc.); and
 - g. copy of the CHDO's policies and procedures for loss mitigation and loan delinquencies.
2. Employ an on-staff loan servicing department and/or finance officer.
3. Complete a successful HOME monitoring visit with no outstanding concerns or findings. Any other COC-financed projects must also be successfully monitored.
4. Complete an audit compliant with OMB Circular A-133 and the Single Audit Act of 1984.

First-time recipients of CHDO HOME funds are not eligible to retain CHDO proceeds. In addition, meeting the above-outlined criteria does not guarantee that the CHDO will be allowed to retain CHDO proceeds. COC reserves the right, at its discretion, to make this determination.

The final rule of the HOME regulations created the concept of CHDO proceeds. Examples of CHDO proceeds are funds resulting from:

- the permanent financing of a CHDO project used to pay off a CHDO-financed construction loan;
- the sale of CHDO-developed homeownership housing; or
- the principal and interest payments from a loan to a buyer of CHDO-developed homeownership housing.

Proceeds generated from the investment of CHDO set-aside funds in a HOME-eligible project and that are retained by the CHDO **are not** subject to the requirements of the HOME regulations, **except in the event of repayment or recapture**. Therefore, CHDO proceeds have no federal identity and are not subject to lead-based paint requirements, the Davis-Bacon Act, Uniform Relocation Act, etc. However, since CHDO proceeds are derived from HOME funds, any activities funded with CHDO proceeds **may not** be counted as match for other COC-financed projects.

Once CHDO proceeds are used, there is no further HOME requirements which must be met. **Funds generated from the use of CHDO proceeds are not CHDO proceeds.**

As outlined in CPD Notice 97-09, CHDO proceeds must always be used for HOME-eligible or other affordable housing activities to benefit low-income families. COC has further defined this as affordable housing initiatives for households at or below 80 percent of the area median income, including:

- land banking
- predevelopment costs
- housing counseling
- emergency repairs
- energy (weatherization) repairs
- construction and/or permanent financing
- repair, accessibility and adaptability modifications to owner-occupied housing
- downpayment and closing costs assistance in the acquisition of existing housing
- supportive services (as defined by Continuum of Care).
- indoor plumbing
- rental assistance
- rental housing project reserves
- rental housing operating subsidies

COC will consider additional uses of CHDO proceeds on a case-by-case basis.

CHDOs allowed to retain CHDO proceeds must report annually to COC how these proceeds were utilized. COC reserves the right to disallow a CHDO to continue to retain CHDO proceeds, if deemed necessary. Unless previously approved by COC, CHDOs that are allowed to retain proceeds may not also keep program income and are required to adhere to all other COC requirements including:

- underwriting/repayment criteria;
- use of COC-provided loan documents;
- universal design and minimum design standards;
- cost containment;
- maximum purchase price; and
- maximum subsidy.

COC may, on a case-by-case basis, consider allowing a CHDO that retains proceeds to waive some or all of the additional COC requirements noted above, but only after careful review of the CHDO's organizational capacity and experience.

Program income never loses its federal identity and is always subject to HOME regulations. HOME funds that are a result of **repayment** or **recapture** are always considered program income, even if originally funded from the CHDO set-aside. **Repayment** occurs when a HOME-funded project, including CHDO set-aside funds, is terminated before completion. **Recapture** occurs when a HOME-funded project, including CHDO set-aside funds, does not continue to be the principal residence of the HOME-assisted home buyer for the full affordability period. No administrative fees may be retained on repaid or recaptured funds.

If a CHDO is acting as a subrecipient, the funds generated from HOME-assisted activities are program income and are subject to HOME program income requirements.

In regard to administrative fees and CHDO proceeds, during the initial realization of CHDO proceeds, a CHDO may retain 10 percent for administrative costs. Thereafter, each time CHDO proceeds are realized, 20 percent may be retained for administrative purposes.

At the request of the CHDO, COC may permit the CHDO to exceed the 20 percent administrative limit on a one-time basis, if it can be demonstrated that the CHDO's capacity to serve its community would be strengthened.

CHDO PROCUREMENT

As noted in HUD CPD Notice 97-11, CHDO organizations are not subject to the requirements of 24 CFR, Part 84 in regard to the procurement of goods and services. This exemption is only applicable to procurement associated with CHDO-eligible projects; CHDOs must still follow appropriate procurement procedures compliant with Part 84 for its non-CHDO projects. COC may request a copy of the CHDO's procurement policy for any non-CHDO project funding proposals.

EFFECTIVE PERIOD OF CHDO CERTIFICATION

In order to maintain its CHDO certification, the CHDO must submit by June 30th of each year a copy of the Annual CHDO Recertification and all required attachments to COC. If the CHDO fails to submit the recertification packet, the CHDO will be decertified. Prior to awarding any COC CHDO funds, the status of the CHDO certification will be verified.

HOW TO APPLY FOR CHDO CERTIFICATION

1. Complete the CHDO Certification Application, including all requested attachments, documentation and forms.
2. The application may be mailed or hand delivered to the address below. Fax and e-mail copies are not acceptable:

**City of Columbia
Attention: CHDO Coordinator
1401 Main St., 4th Floor
Columbia, SC 29201**

3. The applicant has 30 days to respond to any request for additional information. If information is not received within 30 days, the CHDO certification application will be denied.