



Frequently Asked Questions

1. **How much funding can be set aside for specific activities to be undertaken by a CHDO?**

At least 15% of HOME funds must be set aside for housing development activities in which qualified CHDO's are the owners, developers and/or sponsors of the housing.

2. **What are the qualifying criteria for CHDO's?**

A CHDO is a specific type of private nonprofit entity that meets specific requirements pertaining to their legal status, organizational structure, and capacity & experience. Detailed information can be found in Attachment A of [HUD Notice CPD 97-11](#).

3. **What type of legal status must a CHDO have?**

A CHDO must be organized under state and local law. It must have received a tax-exempt ruling from the IRS in order to be designated as a CHDO. The 501(c) designations permissible under HOME are:

- ✓ 501(c)(3) status – a charitable, nonprofit corporation
- ✓ 501(c)(4) status – a community or civic organization
- ✓ Section 905 status – a subordinate organization of a 501(c) organization
- ✓ Conditional 501(c) designation

4. **What is the structure of the board of directors a CHDO must have to be certified?**

A CHDO's structure of their board of directors is viewed as the main indicator of community control over the CHDO, therefore, their board must be composed as follows:

- ✓ At least one-third must be representatives of the low-income community.
- ✓ No more than one-third may be public officials or employees of the PJ or State Recipient.
- ✓ The balance is unrestricted and may include people such as human and social service providers, lenders, individuals with access to philanthropic resources, or others willing to contribute their professional expertise.
- ✓ There are also maximum limits on representation and control by a for-profit entity when the CHDO is sponsored by a for-profit entity. For additional information please review [Chapter 3: CHDO Requirements and Activities](#).

5. **Is a CHDO required to have decent housing provisions?**

A CHDO must have provisions of decent housing that is affordable to low-and moderate-income persons among the purposes of the organization. This commitment must be evidenced in the organization's:

- ✓ Charter
- ✓ Articles of incorporation
- ✓ By-laws
- ✓ A resolution of the board of directors

6. **How much experience must an organization have to be certified as a CHDO?**

A CHDO must demonstrate that it has at least one year of experience serving the community where it intends to develop the HOME-assisted housing.



7. What type of activities are allowed to be performed by a certified CHDO?

Only certain types of activities count toward the eligible set-aside activities when carried out by a CHDO acting as an owner, sponsor or developer:

- ✓ Acquisition and/or rehabilitation of rental housing
- ✓ New Constructions of rental housing
- ✓ Acquisition and/or rehabilitation of homebuyer properties
- ✓ New construction of homebuyer
- ✓ Direct financial assistance to purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds.

8. Are there activities that are not allowed with CHDO set-aside funding?

The following activities are ineligible set-aside activities, but may be carried out by the CHDO as a subrecipient:

- ✓ Tenant-based rental assistance (TBRA)
- ✓ Homeowner rehabilitation
- ✓ Brokering or other real estate transaction

9. Can HOME funds be used to provide special assistance to CHDO's?

Yes, additional assistance includes:

- ✓ Project pre-development loans
- ✓ Operating assistance
- ✓ Use of HOME project proceeds
- ✓ Capacity-building assistance

10. What type of pre-development assistance can be provided?

There are two primary types of pre-development assistance that can be provided. The first is towards technical assistance and site control loans. The second is for seed money loans. Please review Exhibit 3-1 on Pre-Development Loans for additional information ([Chapter 3: CHDO Requirements and Activities](#)).

11. What type of verification is required for board members who live in a low-income neighborhood?

Census tract verification is required as proof that the board member lives in a low-income neighborhood. Please follow these directions and attach proof to your board member certification.

1. Open: <https://geomap.ffiec.gov/ffiecgeomap/>
2. Select year 2022 on the top (Year 2023 currently does not have data available)
3. Enter home address
4. Click “census demographic data” button
5. Click “print” to view full report
6. Save and attach to application

12. What income limits are used to verify if a board member is low-income?

The FY 2023 HOME Income Limits Summary for Salinas, CA can be found through this link:

[FY 2023 Salinas Income Limits](#)