

Overview of HOME Program Rules and Regulations

Obtaining the CHDO Designation Webinar Series
Part 1

Sponsored by the Florida Housing Finance Corporation's Catalyst Program

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Presenters



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Florida Housing Coalition



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Webinar Objectives

- Provide an overview of the HOME Program rules and regulations given program changes.
- Learn what strategies to employ to build or demonstrate agency capacity.
- Learn how to apply for CHDO status and maintain CHDO designation.
- Top Ten Tips on CHDO Success

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POLL

How many years experience do you have with the HOME Program?

- 0-1 Year
- 2-5 Years
- More than 5 years

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POLL

What type of organization do you represent?

- Participating Jurisdiction
- CHDO
- Non-profit considering becoming a CHDO
- Developer
- Subrecipient
- Other

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HOME Program

- HOME Investment Partnerships Program
- Created by the National Affordable Housing Act of 1990 (NAHA)
- 2013 HOME Final Rule
 - 24 CFR Part 92
 - HUD Exchange

Objective:

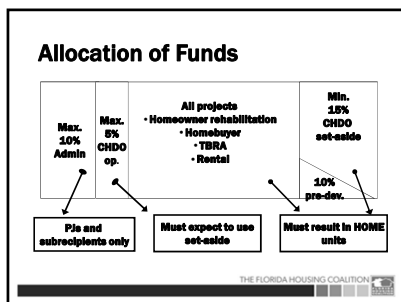
- Provide decent affordable housing for low income households
- Expand the capacity of nonprofit housing providers
- Strengthen the ability of state and local governments to provide housing
- Leverage private-sector participation

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Allocation of Funds

- HOME Funds are allocated annually to:
 - Participating Jurisdictions (PJs)
- Allocation based on a formula that factors in age of units, population, poverty rate, substandard housing conditions
- PY 2017 allocation in Florida - \$45M
 - Including ~\$13M to Florida Housing Finance Corporation (FHFC)
 - FHFC HOME is for rural areas
- Non-profit and for-profit developers and rural governments apply to PJs for HOME funds

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HOME Eligible Activities

Homeowner Rehabilitation	Homebuyer Activities
Rental Housing	Tenant-based Rental Assistance

- ### Eligible Costs
- New construction
 - Rehabilitation
 - Reconstruction
 - Conversion
 - Site improvements
 - Acquisition of property
 - Acquisition of vacant land
 - Demolition
 - Relocation costs
 - Refinancing
 - Capitalization of project reserves
 - Project-related soft costs

- ### Ineligible Costs
- Acquisition of vacant land or demolition only
 - Project reserve accounts (except for initial operating deficit reserves)
 - TBRA for Section 8 project of voucher-based assistance
 - Match for other Federal programs
 - Development, operations, or modernization of public housing
 - Double-dipping

- ### Ineligible Costs
- Acquisition of PJ-owned property
 - Project-based rental assistance
 - Delinquent fees, taxes, or charges
 - Fees charged by PJs, State Recipients, and Subrecipients
 - Fees charges by rental property owners

General Program Requirements

- ### Low-Income Targeting
- 100% of HOME funds for households earning less than 80% AMI (Area Median Income)
 - Rental housing (including TBRA)
 - Initially 90% of households assisted are ≤ 60% AMI
 - 5+ units – 20% of units for ≤ 50% AMI

- ### Low-Income Targeting
- Can choose from two definitions of income:
 - Section 8 gross income (Part 5)
 - IRS adjusted gross income
 - PJ chooses which definition to use
 - Use the same definition of income for each HOME program or rental project
 - Consider other funding sources in a project

- ### Subsidy Limits
- Minimum HOME investment - \$1,000 per unit
 - Based on average HOME funds invested per HOME-assisted units
 - Does not apply to TBRA
 - Maximum HOME investment varies by PJ
 - HUD publishes maximum per-unit subsidy limits annually
 - The subsidy limit only applies to HOME funds and not to other sources of funding in a project

Subsidy Limits

- HOME funding in a project depends on;
 - Maximum subsidy limit
- HOME eligible costs
- Number of HOME-assisted units
- Amount needed to make the project financially feasible

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Affordability Period

- Applies to homebuyer and rental projects
- 5-20 years depending on the amount of HOME assistance and the type of activity
- Period of affordability = Period of compliance
- Affordability does not terminate by repayment of HOME loan

HOME Activity	HOME Investment per Unit	Length of Affordability Period
Homebuyer and rental housing acquisition and/or rehab	< \$15k	5 years
	\$15k-\$40k	10 years
	> \$40k	15 years
New construction of rental housing	Any \$	20 years
Refinancing of rental housing	Any \$	15 years

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Maximum Value

- Applies to owner occupied/homeowner rehab and homebuyer assistance
- Maximum purchase price or after rehab value
- 95% of the median purchase price of the areas
 - Use HUD homeownership value limits
 - <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>
- Perform local market study
 - Submit with Consolidated Plan/Annual Action Plan

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Property Standards

- Minimum property standards
- Standards vary by activity type
 - State and local standards - acquisition/rehab/new construction
 - National codes - rehab/new construction
 - Uniform Physical Condition Standards (UPCS) - acquisition
 - Housing Quality Standards - TBRA
 - Local Rehab Standards - rehab
 - Other standards:
 - Lead Safe Housing Rule
 - Accessibility for persons with disabilities
 - Site and neighborhood standards
 - Manufactured home safety and construction standards

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Commitment and Expenditure Deadlines

- Commit funds within 2 years, including CHDO projects
- 9-month homebuyer sales deadline
- 18-month lease up for rental housing
- 4-year project completion deadline
- Expend funds within 5 years (eliminated for FY 2015 and later allocations)

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Commitment Means . . .

- To a specific local project:

Rehabilitation or new construction...	Executed agreements Construction to start within 12 months of agreement date Secured financing Established budget and schedule Underwriting Subsidy Layering
Acquisition of standard housing by the PJ...	Sales contract/transfer title to PJ within 9 months of contract date
Acquisition of standard housing, PJ to provide HOME funds to purchaser...	Sales contract/transfer title to purchaser within 9 months of contract date
Tenant-based rental assistance...	Rental assistance contract with the owner and tenant

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Commitment means...

- To a State recipient or subrecipient:
 - Legally binding agreements for a specific amount
 - Use for affordable housing, downpayment assistance, or TBRA
- CHDO reservations must be project specific

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Other Federal Requirements

- Environmental Review
- Lead Paint
- Non-discrimination
- Fair Housing
 - Handicapped Accessibility
 - Affirmative Marketing
- Relocation/acquisition
- Labor Standards

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CHDO Specific Requirements

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Community Housing Development Organization

- Non-profit organization
- Specific qualification criteria
- Owners, developers, sponsors of affordable housing
- PJ must certify that the CHDO is qualified
 - Certification required for each specific project commitment
- 15% set-aside of annual HOME allocation

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Eligible CHDO Set-aside Activities

<p style="text-align: center; font-size: x-small;">RENTAL PROPERTY</p> <ul style="list-style-type: none"> • Acquisition and/or rehabilitation of rental units • New construction of rental housing • Acquisition and management of rental housing 	<p style="text-align: center; font-size: x-small;">HOMEBUYER PROPERTY</p> <ul style="list-style-type: none"> • Acquisition and/or rehabilitation of for sale units • New construction of homebuyer units • Direct financial assistance
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CHDOs may also carry out eligible HOME activities as subrecipients

INELIGIBLE USES

- Non-development activities:
 - Homeowner rehabilitation
 - TBRA

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CHDO Set-Aside and Deadlines

- The equivalent of at least 15% of each allocation must go to housing
 - Owned, developed, or sponsored by CHDOs
- Commit to specific projects within 24 months
- PJs can no longer reserve funds for future projects
- Same due diligence as any other project
- Expend funds within 5 years (eliminated for FY 2015 and later allocations)

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Special Assistance to CHDOs

PJs may provide special assistance to CHDOs:

- Project-specific predevelopment assistance
- Operating assistance
- HOME project proceeds
- Capacity-building assistance

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Predevelopment Loans

- Only available to CHDOs
- Up to 10% of the CHDO set-aside funds for all eligible CHDO projects
- Required to be a loan
- Ensures that CHDOs have access to funds for up-front, eligible project expenditures
 - Technical assistance and site control loans
 - Seed money
- Does not require repayment if the project is not feasible

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Operating Expenses

- Up to 5% of entitlement funds (not set-aside) can be used for operating expenses
- May not exceed \$50,000 or 50% of the CHDO's total annual operating expenses for that year
- Eligible uses:
 - Salaries, wages, benefits, and other employee compensation
 - Capacity-building
 - Employee education, training, and travel
 - Office rent and utilities
 - Taxes and Insurance
 - Equipment, materials, and supplies

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Project Proceeds

- PJs may allow CHDOs to retain some or all of the proceeds from a CHDO activity
 - Selling CHDO-developed housing
 - Interest on HOME loans
 - Proceeds from permanent financing
- Retained proceeds NOT considered program income and not subject to HOME requirements
- Written agreement must state:
 - Whether CHDO will retain proceeds
 - How the proceeds will be used

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Capacity Building Assistance

- Only available to new PJs
 - Within 24 months of participation in HOME Program
- Up to 20% of minimum set-aside amount
 - Not more than \$150,000 during the 24-month period
- Eligible Uses:
 - Fund an intermediary organization to provide technical assistance to CHDO
 - Fund a CHDO directly to obtain training and/or TA
 - CHDO operating expenses, including staffing

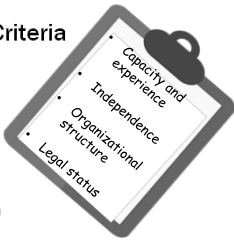
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Applying for CHDO Status CHDO Checklist

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Qualifying Criteria


- CHDOs must be certified by the PJ
- Required at the time of commitment:
- Expected to remain a CHDO during affordability period



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Legal Status

- To be eligible, organization must:
 - Be organized under state and local law
- Have as its purpose to provide decent and affordable housing to LMI persons
- Provide no individual benefit
- Have a clearly defined service area
- Have IRS tax exempt status



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Independence


- CHDO must be a private organization
- Government entities cannot be designated as a CHDO but can create a CHDO
- Nonprofits, charities, and religious organizations, and for-profit corporations can also create CHDOs

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Organizational Structure

CHDO board must have:


- At least 1/3 rep of low-income community
- No more than 1/3 rep of public sector
- Balance unrestricted except when sponsored/organized by a for-profit or government entity
- If CHDO is created by government entity of for-profit, officers or employees of gov't or for profit can be board members but not officers of CHDO or paid employees.



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Low-Income Representation


- Three ways to meet the 1/3 minimum requirement:
 - Residents of low-income neighborhoods in the community
 - Low-income residents of the community
 - Elected representative of low-income neighborhood organizations



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Low-Income Input

- CHDO must also provide formal process for low income beneficiaries to provide input
 - Must be described in writing
 - Must be in by-laws or resolution
- Ways to achieve this:
 - Special committees or neighborhood advisory councils
 - Open town meetings



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Public-Sector Representatives


- Maximum 1/3 limit
- Public sector representatives include:
 - Elected officials
 - Appointed officials
 - Public employees
 - Persons appointed by a public official
- Low-income public officials count against the 1/3 public sector max

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Capacity and Experience

Organization must:

- Have at least one year of experience serving the community
- Demonstrate staff capacity to carry out planned activities
 - Paid staff
- Have financial accountability standards that conforms to 24 CFR Part 84.21




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CHDO Roles

To count towards the CHDO set-aside, CHDO must act as:

- Rental
 - Owner
 - Developer
 - Sponsor
- Homebuyer
 - Developer



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CHDO as Rental Owner

As owner, CHDO

- Holds valid legal title OR
- Long term leasehold for affordability period
- Sole owner of the property
- Can hire developer or contractor to oversee development of rental project
- Can hire property manager to oversee rental project management

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CHDO as Rental Developer

- Sole organization in charge of development
- CHDO must:
 - Holds valid legal title OR
 - Long term leasehold for affordability period
- Must solely own the housing during development and for the affordability period

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CHDO as Rental Sponsor

As sponsor of rental housing:

- Develops a project that it solely or partially owns
 - Project owned or developed by wholly-owned subsidiary as sole general partner or managing member of a LLC
- Conveys ownership to a second non-profit

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CHDO as Homebuyer Developer

- The CHDO owns and develops property (new construction or rehabilitation)
 - CHDO arranges financing
 - CHDO in sole charge of construction
- CHDO may provide direct homeownership assistance
 - Downpayment assistance no greater than 10% of HOME funds to project

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QUIZ

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What's the CHDO role?

CHDO owns a site and will build a rental development. They will select the development team and oversee the process. After construction they will continue to own and operate the project.

CHOOSE 1:

- DEVELOPER (AND OWNER)
- SPONSOR
- OWNER
- DEVELOPER

?

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What's the CHDO role?

CHDO owns a site and will build a rental development. They will select the development team and oversee the process. After construction they will continue to own and operate the project.

DEVELOPER (AND OWNER)

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What's the CHDO role?

CHDO owns a site and will build a rental development. They will select the development team and oversee the process. After construction they will continue to own and operate the project.

After CO, they will convey the project to another nonprofit who will then own and manage it.

CHOOSE 1:

- DEVELOPER (AND OWNER)
- SPONSOR
- OWNER
- DEVELOPER

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What's the CHDO role?

CHDO owns a site and will build a rental development. They will select the development team and oversee the process. After construction they will continue to own and operate the project.

After CO, they will convey the project to another nonprofit who will then own and manage it.



SPONSOR

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What's the CHDO role?

CHDO acquires and operates an apartment complex that does not need rehab.


CHOOSE 1:
 DEVELOPER (AND OWNER)
 SPONSOR
 OWNER
 DEVELOPER

What's the CHDO role?

CHDO acquires and operates an apartment complex that does not need rehab.



OWNER



What's the CHDO role?

CHDO acquires land, builds homebuyer housing and sells the units to HOME eligible buyers.

CHOOSE 1:
 DEVELOPER (AND OWNER)
 SPONSOR
 OWNER
 DEVELOPER

What's the CHDO role?


CHDO acquires land, builds homebuyer housing and sells the units to HOME eligible buyers.

DEVELOPER




**BE A SUCCESSFUL CHDO:
TOP TEN TIPS**

1. Spend quality time getting started.
2. Establish solid practices for record keeping, accounting, reporting and tracking.
3. Form and adopt a clear Conflict of Interest Policy- and follow it.
4. Learn everything you can about the people you want to serve and the market you are working in.



**BE A SUCCESSFUL CHDO:
TOP TEN TIPS**


5. Actively advocate and make sure your voice is heard about the problems you seek to solve.
6. When preparing a proposal, be responsive to the form and requirements.
7. Choose good sites for your projects.
8. Choose good projects



**BE A SUCCESSFUL CHDO:
TOP TEN TIPS**

9. Participate in training on a regular basis.
10. Seek Technical Assistance.

- Register for CHDO Series Webinar Part 2
- October 23 @ 2 pm
- Come to our Annual Conference: Sept. 10-13!



Our Thanks to the Florida Housing Catalyst Program

AFFORDABLE HOUSING CATALYST PROGRAM

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More questions? Need help with a project? Just ask!

- Technical Assistance Hotline
800-677-4548
www.flhousing.org
- Kim Spence
239-218-5008
spence@flhousing.org
- Gladys Cook
813-830-3450
cook@flhousing.org



BE A SUCCESSFUL CHDO: TOP TEN TIPS

- 1. Spend quality time getting started.**
 - Form a solid Board of Directors that meet the CHDO criteria.
 - Start with a Strategic Plan and update it annually.
 - State a clear mission and vision that has the support of your full Board of Directors.
- 2. Establish solid practices for record keeping, accounting, reporting and tracking.**
 - Prepare for success. You may start with smaller projects but build systems to manage large projects.
 - Prepare for monitoring and compliance. It is preparing for YOU!
- 3. Form and adopt a clear Conflict of Interest Policy- and follow it.**
 - Make sure your Board members fully understands it and signs an agreement to adhere to the policy.
 - Review it each year at your annual meeting.
- 4. Learn everything you can about the people you want to serve and the market you are working in.**
 - Focus on your mission in the people you serve and the homes you provide.
 - Use the expertise of your Board.
- 5. Actively advocate and make sure your voice is heard about the problems you seek to solve.**
 - Attend public hearings on locally adopted housing plans and speak out.
 - Network with other organizations that have a complementary mission.
 - Establish relationships with leaders in your community and their staff.
 - Prepare and distribute well prepared information about your organization.
- 6. When preparing a proposal, be responsive to the form and requirements.**
 - Read the rules for any program you are seeking to use.
 - Read your community's Consolidated Plan, Action Plan, Local Housing Assistance Plan, and any other program rules and regulations. Understand what your community's needs are and be responsive to them.
 - Before submitting a proposal make sure you have read the Compliance rules for accepting and utilizing that funding.
- 7. Choose good sites for your projects**
 - Use due diligence checklists- Check them twice!
 - Be ready to change sites if indicators suggest the site is problematic.
 - Buy zoned land. Period.
- 8. Choose good projects**
 - Seek projects that meet your mission AND there is financing available.
 - Choose projects that meet market demand.
 - Carefully select co-developers that are compatible with your organization and mission.
- 9. Participate in training on a regular basis.**
 - Learn skills you need to excel at what you do.
 - Learn what you don't know you don't know.
 - Educate your Board as well as staff members.
- 10. Seek Technical Assistance**
 - Contact the Florida Housing Coalition for help.
 - Apply for a Predevelopment Loan (PLP).



CHDO Requirements Checklist

Before committing CHDO set-aside funds to an organization, the PJ must certify that the organization:

1. Meets the definition of a “community housing development organization” in §92.2;
2. Has a project eligible for the set-aside that the organization will own, develop, or sponsor in accordance with §92.300(a); and
3. Has paid staff with demonstrated experience appropriate to the role the organization will play for the project being funded.

Additionally, before committing funds for CHDO predevelopment loans under §92.301 or CHDO operating expenses under §92.208, the PJ must certify that the organization meets the definition of a “community housing development organization” in §92.2 and that other requirements, outlined in Sections 6 (predevelopment) and 7 (operating) below, have been satisfied.

CHDO Requirements	Rule Citation	Requirement satisfied & documented
ORGANIZATIONAL REQUIREMENTS		
1. Legal structure		
1.1. The organization is organized under state or local law.	§92.2 CHDO Definition ¶ (1)	<input type="checkbox"/>
1.2. The organization has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons.	§92.2 CHDO Definition ¶ (7)	<input type="checkbox"/>
1.3. The organization has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual.	§92.2 CHDO Definition ¶ (2)	<input type="checkbox"/>
1.4. The organization is not under the control or direction by any individual or entity seeking to derive profit or gain.	§92.2 CHDO Definition ¶ (3)	<input type="checkbox"/>
1.5. The organization has one of the following IRS tax exempt statuses: 1.5.1. Exemption under 501(c)(3) or 501(c)(4); 1.5.2. Subordinate of a central nonprofit under IRC Section 905; or 1.5.3. A private nonprofit that is a wholly owned subsidiary of an organization that has 501(c)(3) or (c)(4) status and meets the CHDO definition.	§92.2 CHDO Definition ¶ (4)	<input type="checkbox"/>
1.6. The organization is not a governmental entity (any of the following: participating jurisdiction, other jurisdiction, Indian tribe, public housing agency, Indian housing authority, housing finance agency, or redevelopment authority).	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/>
2. Independence		
2.1. Public officials & employees of a governmental entity may comprise no more than 1/3 of the board.	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/>
2.2. Officers and employees of a governmental entity cannot be officers (e.g. CEO, CFO, or COO) or employees of a CHDO.	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/>

CHDO Requirements	Rule Citation	Requirement satisfied & documented
2.3. If the organization was created by a governmental entity, then the governmental entity that created the organization may not appoint more than 1/3 of the board members and board members appointed by the governmental entity may not appoint remaining 2/3.	§92.2 CHDO Definition ¶ (5)	<input type="checkbox"/> Applicable
2.4. If the organization was created by a for-profit entity, then 2.4.1 through 2.4.4 apply:		<input type="checkbox"/> Applicable
2.4.1. The for-profit entity that sponsored or created the organization may not have as its primary purpose the development or management of housing, such as a builder, developer, or real estate management firm.	§92.2 CHDO Definition ¶ (3)(i)	<input type="checkbox"/>
2.4.2. The for-profit entity that created the organization may not appoint more than 1/3 board members, and for-profit-appointed members may not appoint remaining 2/3 of board.	§92.2 CHDO Definition ¶ (3)(ii)	<input type="checkbox"/>
2.4.3. Officers and employees of the for-profit entity that created the organization cannot be officers or employees of the CHDO.	§92.2 CHDO Definition ¶ (3)(iv)	<input type="checkbox"/>
2.4.4. The organization must be free to contract for goods & services with others.	§92.2 CHDO Definition ¶ (3)(iii)	<input type="checkbox"/>
3. Accountability to the Low Income Community		
3.1. The organization must have a designated service area (i.e. the “community” in which it produces housing). A community can be a neighborhood or neighborhoods, city, county, metropolitan area, or multi-county area (but not the entire State).	§92.2 CHDO Definition ¶ (8)(i)	<input type="checkbox"/>
3.2. At least 1/3 of the board members are: 1) low-income; 2) residents of a low-income neighborhood; or 3) elected representatives of a low-income neighborhood organization.	§92.2 CHDO Definition ¶ (8)(i)	<input type="checkbox"/>
3.3. The organization has a formally adopted process for low-income beneficiaries to advise it on decisions regarding design, siting, development, and management of housing.	§92.2 CHDO Definition ¶ (8)(ii)	<input type="checkbox"/>
3.4. The organization has at least 1 year of serving the community, or, if it is formed by local churches, service organizations, or neighborhood organizations, its parent organization meets this requirement.	§92.2 CHDO Definition ¶ (10)	<input type="checkbox"/>
4. Capacity		
4.1. The organization has financial management systems that conform to 2 CFR 200.302 and 200.303	§92.2 CHDO Definition ¶ (6)	<input type="checkbox"/>

CHDO Requirements	Rule Citation	Requirement satisfied & documented
4.2. The organization has paid employees with demonstrated experience relevant to the CHDO's role in undertaking the HOME activity to be funded. (Note: this does not include volunteers, board members, donated or shared staff, or consultants – except as described in 4.1.1. below.)	§92.2 CHDO Definition ¶ (9)	<input type="checkbox"/>
4.1.1. During the first year of an organization's funding as a CHDO only, capacity can be demonstrated through a contract with a consultant who has housing development experience to train appropriate key staff of the organization.	§92.2 CHDO Definition ¶ (9)	<input type="checkbox"/>
CHDO ROLE		
5. CHDO set-aside project CHDOs can undertake either homebuyer or rental projects, as described below, with CHDO set-aside funds:		<input type="checkbox"/> Applicable
5.1. Homebuyer projects in accordance with §92.254 To qualify under CHDO set-aside, must meet 5.1.1 and 5.1.2:		<input type="checkbox"/> Applicable
5.1.1. Developer: The organization is or will be the owner in fee simple and the developer of new or rehabilitated units for sale to low-income buyers	§92.300(a)(6)	<input type="checkbox"/>
5.1.2. The organization will control the development process including, at a minimum, arranging financing for the project and being in sole charge of construction.	§92.300(a)(6)(i)	<input type="checkbox"/>
5.2. Rental projects in accordance with §92.252 To qualify under CHDO set-aside, must meet one of the following:		<input type="checkbox"/> Applicable
5.2.1. Own: The organization is or will be owner in fee simple absolute (or will hold a long term ground lease) for at least the period of affordability. If project involves rehabilitation or construction, organization will <u>oversee</u> all aspects of development.	§92.300(a)(2)	<input type="checkbox"/>
5.2.2. Develop: The organization is or will be owner in fee simple absolute (or will hold a long term ground lease) for at least the period of affordability, and will <u>be in sole charge</u> of all aspects of the development process.	§92.300(a)(3)	<input type="checkbox"/>
5.2.3. Sponsor: Must meet one of the following:		<input type="checkbox"/> Applicable
5.2.3.1. The organization will own and develop project that it will convey at a predetermined time after completion to a designated private nonprofit (that was not created by a governmental entity).	§92.300(a)(5)	<input type="checkbox"/>

CHDO Requirements	Rule Citation	Requirement satisfied & documented
5.2.3.2. The project will be owned and/or developed by an eligible CHDO affiliate, including: <ul style="list-style-type: none"> • A wholly owned subsidiary of the CHDO; or • A limited partnership of which the CHDO or its wholly owned subsidiary is the sole general partner; or • A limited liability company of which the CHDO or its wholly owned subsidiary is the sole managing member. 	§92.300(a)(4)	<input type="checkbox"/>
CHDO PREDEVELOPMENT		
6. CHDO pre-development loan If a project specific pre-development loan is being provided, in addition to meeting CHDO qualification listed in Items 1 – 4 above and having a set-aside eligible project under Item 5, the predevelopment loan must designated as one of following two loan types:		<input type="checkbox"/> Applicable
6.1. TA/site control loan: The loan is for allowable costs specified in §92.301(a)(2) for planning an eligible set-aside project.	§92.301(a)	<input type="checkbox"/>
6.1.1. Document the environmental exemption under 24 CFR 58.34(a) and/or 58.35(b).	§92.352	<input type="checkbox"/>
6.2 Seed money loan: The loan is for allowable preconstruction costs specified in §92.301(b)(1) for planning an eligible set-aside project.	§92.301(b)	<input type="checkbox"/>
6.2.1 Document the environmental exemption under 24 CFR 58.34(a) and/or 58.35(b).	§92.352	<input type="checkbox"/>
CHDO OPERATING		
7. CHDO operating expenses If CHDO operating expenses are being provided, the organization must meet the CHDO qualification requirements listed in Items 1 – 4 above, or the organization must meet requirements in 1-3 and item 4.1 above and be receiving the operating funds specifically to hire staff to meet the requirements in 4.2 above. In addition, the CHDO must meet the following requirements	§92.208(c)	<input type="checkbox"/> Applicable
7.1. The organization is funded from the set-aside for a project under development, or is reasonably expected to be funded from the CHDO set-aside within 24 months	§92.300(e)	<input type="checkbox"/>
7.2. The operating expense funds will be used for eligible operating costs that are reasonable and necessary	§92.208(a)	<input type="checkbox"/>
7.3. Operating expense funding (including from other PJs and any Pass-Through funding) in the fiscal year will not exceed the greater of \$50,000 or 50% of the organization's total operating expenses in that year	§92.300(f)	<input type="checkbox"/>

CHDO CERTIFICATION

8. CHDO Certification

- The organization meets **all** CHDO regulatory thresholds, **AND** one or more of the following:
 - The organization has a project meets the project eligibility requirements of 92.300 for a reservation of CHDO set-aside funds.
 - The organization has a project that qualifies for a pre-development loan for eligible costs under 92.301.
 - The organization qualifies for Operating Expenses.

Signature _____

Date _____

Name _____

Title _____

Draft