

ROCK COUNTY CONSORTIUM

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)



Community Housing Development Organization
(CHDO)

Certification Application

Thank you for your interest in working with the Rock County HOME Consortium as a Community Housing Development Organization (CHDO).

Before applying to receive HOME funding as a CHDO within the Rock County HOME Consortium, your agency must complete an application for CHDO certification.

Certification applications must be submitted to the Rock County HOME Consortium each time the applicant non-profit applies for HOME funds as a CHDO. Once an agency has been certified as a CHDO, they may utilize the Re-Certification Application.

Please complete the entire application with the required documentation and submit it to the Rock County Consortium along with your application for funds. We will process your application once your packet is complete and will notify you within 30 days of approval/denial of CHDO status.

All information should be sent to:

City of Janesville
Neighborhood & Community Services Department
PO Box 5005
Janesville, WI 53547-5005

If you have questions regarding the CHDO application or the program in general, please contact:

Jennifer Petruzzello, NCS Director at petruzzelloj@janesvillewi.gov
or
Kelly Bedessem, Housing Services Director at bedessemk@janesvillewi.gov

For more information on the Federal requirements for CHDO certification, see the Final HOME Rule, 2025, at: <https://www.hudexchange.info/programs/home/topics/chdo/#policy-guidance-and-faqs>

APPLICATION PACKET CONTENTS

CHDO CRITERIA 4-5

Rock County Consortium CHDO Certification Application..... 6

APPLICANT INFORMATION..... 6

I. REQUIRED ELEMENTS FOR CERTIFICATION..... 7-9

- A. BOARD COMPOSITION
- B. LOW-INCOME INPUT
- C. FINANCIAL ACCOUNTABILITY
- D. EXPERIENCE
- E. STAFF AND CAPACITY

II. ORGANIZATIONAL STRUCTURE.....10-11

- A. PURPOSE OF ORGANIZATION
- B. NO INDIVIDUAL BENEFIT OR DISTRIBUTIONS
- C. TAX EXEMPT RULING
- D. SERVICE AREA
- E. RELIGION ORGANIZATION SPONSORSHIP
- F. FOR-PROFIT ORGANIZATION SPONSORSHIP

*** WHERE REQUESTED YOU MUST PROVIDE SUPPORTIVE DOCUMENTATION**

CHDO CRITERIA

To be certified as a Community Housing Development Organization (“CHDO”), an organization must meet the certification criteria as required by the U.S. Department of Housing and Urban Development (24 CFR 92.2) and comply with the following policies to receive and retain CHDO certification from the Rock County Consortium.

ORGANIZATION: The private nonprofit organization must be formally organized under state and local laws.

PURPOSE OF ORGANIZATION: The organization must have among its purposes the provision of decent housing that is affordable to persons with low- and moderate-income levels. The CHDO must specify its service area within which it will operate.

TAX EXEMPT RULING: The organization must have a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986 or is a subordinate organization that has been included in its 501(c)(3) or (4) central organization's group exemption letter by the IRS or be a wholly-owned entity that is disregarded as an entity separate from its owner for tax purposes.

BOARD COMPOSITION AND COMPENSATION: To be certified as a CHDO, at least one-third of the organization's Board of Directors must consist residents of low-income neighborhoods, low-income beneficiaries of HUD programs, other low-income community residents, designees of low-income neighborhood organizations, or designees of nonprofit organizations in the community that address the housing or supportive service needs of low-income residents or residents of low-income neighborhoods, including homeless providers, Fair Housing Initiatives Program providers, Legal Aid, disability rights organizations, and victim service providers. Board members may receive a reasonable fixed sum and expenses for each board meeting they attend. However, board members cannot receive a salary for their service as a board member.

LOW-INCOME INPUT: The organization must provide a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;

SPONSORSHIP OR CREATION BY A FOR-PROFIT ENTITY: A for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a wholly separate nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as builder, contractor, developer, or real estate management firm.

If a CHDO is sponsored or created by a for-profit entity, the entity may not appoint more than 1/3 of the CHDO Board of Directors. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members.

The community housing development organization must be free to contract for goods and services from vendors of its own choosing; and the officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.

SPONSORSHIP OR CREATION BY A GOVERNMENTAL ENTITY: A governmental entity cannot qualify as a CHDO, but a governmental entity may sponsor the creation of a wholly separate nonprofit. However, if a CHDO is sponsored or created by a governmental entity, the entity may not appoint more than 1/3 of the CHDO Board of Directors. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and the officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.

FINANCIAL ACCOUNTABILITY: The organization must have financial accountability standards that conform to [2 CFR 200.302](#), 'Financial Management' and [2 CFR 200.303](#), 'Internal Controls;'. Organizations that have been operating for one year or more must submit audited financial statements for the organization's most recent program year. The audited financials should include a twelve-month balance sheet and operating statement. The financial statements will be used in assessing the organization's financial capacity for executing the affordable housing activities it intends to pursue.

EXPERIENCE AND CAPACITY: The organization has a demonstrated capacity for carrying out housing projects assisted with Federal funds, Low-Income Housing Credits ([26 U.S.C. 42](#)), Federal Home Loan Bank Affordable Housing Program ([12 U.S.C. 1430](#)) funds, or local and State affordable housing funds.

To satisfy this requirement and demonstrate capacity as a developer of a HOME-assisted project, the nonprofit organization must have paid employees with housing development experience who will work directly on the HOME-assisted project. Where the paid employees of the organization do not demonstrate capacity to develop a HOME-assisted project alone, the experience of paid employees may be supplemented by board members or officers of the organization that are volunteers. If a nonprofit organization is demonstrating capacity using a volunteer board member's or officer's experience, the volunteer may not be compensated by or have their services donated by another organization. For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key, paid staff of the organization;

An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of [§ 92.300\(a\)\(2\)](#);

An organization that will sponsor housing must demonstrate capacity as a developer or capacity to act as owner, as described above and has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization.

Rock County Consortium Community Housing Development Organization (CHDO) Certification Application

APPLICANT INFORMATION:

Name of Organization

Address

City

State

Zip Code

Contact Person

Position with Organization

Telephone Number

Email Address

Federal EIN#

Unique Entity Identifier (UEI)

I hereby certify that all statements provided in this application and in the attachments herein are true; that I am authorized to sign this application, and to make these statements, on behalf of the applicant organization; and that the organization understands that misrepresentation of any facts which lead to the improper allocation and expenditure of public funds may result in legal action against the organization for retrieval of any such funds and appropriate penalties.

Signature of Board Chair or Authorized Signatory

Date

Printed Name, Title

I hereby certify that _____ (agency name) conforms to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems".

Signature of Chief Financial Officer

Date

Printed Name, Title

NOTE: As part of the application process, the Rock County Consortium will do all necessary due diligence to verify that the operations of an organization are being conducted in accordance with the representations made in this CHDO application.

I. REQUIRED ELEMENTS FOR CERTIFICATION

- A. **BOARD COMPOSITION:** To be certified as a CHDO, must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, low-income beneficiaries of HUD programs, other low-income community residents, designees of low-income neighborhood organizations, or designees of nonprofit organizations in the community that address the housing or supportive service needs of low-income residents or residents of low-income neighborhoods, including homeless providers, Fair Housing Initiatives Program providers, Legal Aid, disability rights organizations, and victim service providers.

For urban areas, "community" may be a neighborhood or neighborhoods, city, county, or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and no more than one-third of the Board can be from the public sector. When calculating one-third of the members, we consider the total number of Board Members regardless of their permanent residence. Board members cannot receive salary for their service as a board member.

An applicant organization must ensure that at least one-third of its governing board consists of representatives with low-income levels within its service area. There are three ways to meet this requirement: (1) individuals can be residents of a low-income neighborhood in the organization's service area but they do not necessarily have to earn a low income themselves, (2) they can be low-income beneficiaries of HUD programs and/or low income residents of the community; that is, their household income is 80% or less than the Area Median Family Income for the service area as published by the U. S. Department of Housing and Urban Development, or (3) they may be designees of organizations addressing the housing or supportive service needs of low-income residents or residents of low-income neighborhoods.

No more than one-third of the organization's Board of Directors may be from the public sector. Representatives of the public sector include: (1) *elected officials*, such as council members, (2) *appointed public officials*, such as planning or zoning commission, regulatory or advisory boards, (3) *public employees*, which include employees of public agencies or departments of the City such as fire and police, and (4) any individual who is not necessarily a public official, but has been *appointed by a public official* to serve on the organization's Board of Directors.

To verify that your current Board meets the low-income requirement above, please provide a full listing of the current board for the organization. On the listing, you must provide the following information for each member: full name, date and length of appointment, employer, and which community they represent (low- income, other). Documentation supporting those designations must be maintained in the organization's files.

- B. **LOW-INCOME INPUT:** To be certified a CHDO, an organization must have a specific formal (written) process for program beneficiaries with low-income levels to advise the organization in its decisions regarding the design, location of sites, development, and management of affordable housing projects. Specifically, the organization must have a detailed written plan for ensuring that input from program residents of the service area with low-income levels will be solicited and integrated into the decision-making and project development processes of the organization. Please provide a copy of the written procedure for gathering low-income input, and some examples of past outreach efforts.

C. **FINANCIAL ACCOUNTABILITY:** The organization must have financial accountability standards that conform to [2 CFR 200.302](#), 'Financial Management' and [2 CFR 200.303](#), 'Internal Controls. The organization must certify that its financial management systems comply with these specific standards. Please provide the following information:

- A copy of the most recent bank statement.
- The most recent certified financial statements that have been audited or prepared by an accountant.

If your organization does not have audited financial statements because it has been operating for less than one year, you must submit the audited financial statements of the parent or sponsor organization.

A non-profit organization cannot be certified as a CHDO if the organization's most recent financial statements and/or audit reflect an outstanding finding, material weakness or other unresolved matter that would affect the capacity of that organization to successfully develop a CHDO project.

D. **EXPERIENCE:**

To be certified as a CHDO the organization must be able to demonstrate that:

1. Has capacity for carrying out housing projects assisted with Federal funds, Low-Income Housing Credits ([26 U.S.C. 42](#)), Federal Home Loan Bank Affordable Housing Program ([12 U.S.C. 1430](#)) funds, or local and State affordable housing funds.
2. Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

As a **developer**, the CHDO arranges financing and is in sole charge of construction or rehabilitation. For rental projects, the CHDO owns the property during development and throughout the period of affordability and performs all development activities. For homebuyer projects, the CHDO owns, rehabilitates, or constructs a property, then sells the property. The CHDO must own the property in fee simple title.

Please provide the following:

- A narrative statement, signed by the Executive Director or Board President, documenting that the organization has at least one year of experience directly related to the development of housing prior to seeking CHDO certification; or
- A statement signed by the Executive Director or Board President that documents that its parent or sponsoring organization has at least one year of experience related to the development of housing; and
- A signed agreement or letter of understanding between your organization and the nonprofit parent or sponsor organization that documents the relationship between the two organizations.

As an **owner**, the organization must demonstrate capacity to act as owner of a project and meet the requirements of [§ 92.300\(a\)\(2\)](#);

Rental housing is "owned" by the community housing development organization if the community

housing development organization is the owner in fee simple absolute of rental housing (or has a long term ground lease running for the full period of affordability in [§ 92.252](#)) leased to low-income families in accordance with [§ 92.252](#). If the housing is to be rehabilitated or constructed, the community housing development organization hires and oversees the developer that rehabilitates or constructs the housing. The community housing development organization must oversee or hire and contract with an experienced project manager to oversee all aspects of the development, including obtaining zoning, securing non-HOME financing, selecting a developer or general contractor, overseeing the progress of the work, and determining the reasonableness of costs. The community housing development organization must own the rental housing during development and for a period at least equal to the period of affordability in [§ 92.252](#). If the CHDO acquires housing that meets the property standards in [§ 92.251](#), the CHDO must own the rental housing for a period at least equal to the period of affordability in [§ 92.252](#). Please provide the following:

- A narrative statement, signed by the Executive Director or Board President, documenting that the organization has at least one year of experience directly related to the ownership and management of housing prior to seeking CHDO certification; or
- A statement signed by the Executive Director or Board President that documents that its parent or sponsoring organization has at least one year of experience related to the development of housing; and
- A signed agreement or letter of understanding between your organization and the nonprofit parent or sponsor organization that documents the relationship between the two organizations; and
- A signed agreement or letter of understanding with a developer or contractor who has at least one year of experience directly related to the development of housing, and who will assist in the oversight of the development process.

- E. **STAFF AND CAPACITY:** The nonprofit organization must have paid employees with housing development experience who will work directly on the HOME-assisted project. Where the paid employees of the organization do not demonstrate capacity to develop a HOME-assisted project alone, the experience of paid employees may be supplemented by board members or officers of the organization that are volunteers.

If a nonprofit organization is demonstrating capacity using a volunteer board member's or officer's experience, the volunteer may not be compensated by or have their services donated by another organization.

For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key, paid staff of the organization.

Please provide the following:

- Resumes of key paid staff members who have successfully completed a project(s) like those to be assisted with HOME funds, (include project descriptions of relevant completed projects).
- Listing of relevant current and previous HOME funded projects undertaken by this Agency within the past 10 years. Indicate if the projects were completed/are progressing in accordance with the appropriate CHDO Agreement. If any current projects are stalled or not progressing in accordance with the appropriate CHDO Agreement, indicate measures that are being taken to advance the project(s).

II. ORGANIZATIONAL STRUCTURE

- A. **ORGANIZATION:** To receive certification, your organization must be organized under state and local laws and must provide evidence of legal status. Please provide:
- Charter, or
 - Articles of Incorporation.
- B. **PURPOSE OF ORGANIZATION:** An organization must have among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons. Please provide the following:
- By-laws of the organization,
 - Articles of Incorporation,
 - Charter, or
 - Resolution.
- C. **NO INDIVIDUAL BENEFIT OR DISTRIBUTIONS:** No part of your organization's net earnings can inure to the benefit of any member, founder, contributor or individual. All net income must be reinvested in the projects developed by the organization or in subsequent affordable housing projects. Please provide the following:
- By-laws of the organization,
 - Articles of Incorporation, or
 - Charter.
- D. **TAX EXEMPT RULING:** Provide evidence that it has a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501 (c) of the Internal Revenue Code of 1986.
- A 501 (c) (3) Certificate Letter from the IRS
 - A 501 (c) (4) Certificate Letter from the IRS
- E. **SERVICE AREA:** To receive certification an organization must have a clearly defined geographic service area. The service area can be an area larger than a single neighborhood but must be within the Rock County Consortium's HOME Participating Jurisdiction. Please provide the following:
- Neighborhood Name(s), Census Tract(s), Zip Code(s), and Boundary Streets
 - Include a Map
 - Indicate which municipal jurisdiction(s) you are seeking certification to work within: City of Beloit, City of Janesville, or Rock County (outside the Cities of Beloit and Janesville).
- F. **RELIGIOUS ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a religious organization?
- Yes
- No

If the answer above is "Yes," please note that a religious organization may be a CHDO, however, housing units developed by the CHDO organization must be made available to all persons, regardless of religious affiliation or belief.

G. **FOR-PROFIT ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a for-profit entity?

- Yes
- No

If the answer above is "Yes," a for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, contractor, developer, or real estate management firm. The for-profit entity may not appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the Board members, the officers and employees of the for-profit entity may not be officers or employees of the community housing development organization and the CHDO organization must be free to contract for goods and services from vendors of its own choosing.

III. ROCK COUNTY CONSORTIUM USE ONLY

Reviewed and approved by: _____ . Date: _____ .

Reviewed and denied by: _____ . Date: _____ .

Comments:
