

**Osceola County
Board of County Commissioners
Osceola County HOME Consortium**



**HOME Investment Partnership Program
Community Housing Development Organization (CHDO)
Procedures**

**Osceola County Human Services
330 N. Beaumont Ave
Kissimmee, FL 34741**

1. **Background**

The HOME Investment Partnerships (HOME) Program was established under Title II of the National Affordable Housing Act. The purpose of HOME funding is:

To expand the supply of decent, affordable housing and nonprofit housing providers;
and

To strengthen the ability of state and local governments to provide housing by public-private partnerships

The HOME program is administered through the U.S. Department of Housing and Urban Development (HUD). Osceola County, as a HOME Consortium participating jurisdiction (PJ) beginning October 1, 2015, receives funds under the HOME Program. HUD HOME regulations require PJs to set aside 15% of their HOME allocation for Community Housing Development Organizations (CHDOs). The CHDO funds can be obtained by non profit organizations that have been certified as a CHDO and have a qualified project without match requirements.

2. **Purpose**

A CHDO is a private, non-profit, community based organization whose primary purpose is to develop affordable housing for the community it serves. The CHDO either has staff or has a contract with an organization that has staff with the capacity to develop affordable housing (consultants/contracted organizations can only be used for the first year of CHDO Certification). The contracted organization must have a written plan for training the CHDO's staff.

3. **Regulatory Requirements for CHDO Certification**

The U.S. Department of Housing and Urban Development has established standard criteria for organizations to be eligible for CHDO certification. Criteria are listed within the CHDO Certification Application.

4. **Osceola County Requirements for CHDO Certification**

In addition to the regulatory requirements from HUD, the Osceola County HOME Consortium has established additional criteria for CHDO certification. The organization must:

- A. Maintain a record of good standing with the Florida Secretary of State's Division of Corporations office;
- B. Maintain no history of awarded CHDO funding being de-obligated or significant compliance findings on its CHDO/HOME funded projects. Complaints, warranty follow-up and customer service will also be taken into consideration.
- C. Maintain adequate net capital and liquid assets to be able to process payments and be reimbursed. This can be satisfied by a financial guarantee agreement with a sound guarantor.
- D. Maintain adequate insurance coverage, as required by Osceola County.

The criterion above is not all-inclusive and the Osceola County HOME Consortium may require additional information prior to determining CHDO certification. Meeting the above requirements does not guarantee CHDO certification and the Osceola County HOME Consortium reserves the

right to deny or revoke CHDO certification based on its evaluation of the organization's performance.

5. CHDO Certification & Recertification

The Osceola County HOME Consortium accepts new CHDO applications through out the year. As part of the certification process, the Osceola County HOME Consortium reviews the organization's structure, Board make- up, service area, experience and capacity (as described above) to assess the organization's ability to carry out a HOME funded project utilizing the required guidelines. If an organization does not qualify as a CHDO, it will be notified via letter. If it does qualify as a CHDO, it will be notified via letter and can be considered for CHDO funding. CHDO qualification, however, is no guarantee of obtaining CHDO funding from the Osceola County HOME Consortium.

In addition to certification, the Osceola County HOME Consortium also has the responsibility of recertifying CHDOs. Non-profit organizations may experience transitions in board composition and management. Charters or by-laws may be amended at any given time. After the initial certification, Osceola County will re-certify CHDOs annually to keep all information current and verify that the organization still satisfies the criteria to be designated a CHDO.

In order to maintain CHDO status, the CHDO must re-apply on an annual basis during the annual recertification period. The CHDO annual re-certification period begins October 1st of each year. Upon review of completed re-certification applications and applicable documents, the CHDO will be certified for one year. Failure to submit an application for re-certification may cause the CHDO certification to expire and the organization will be ineligible for the Osceola County HOME Consortium CHDO set-aside funds. If changes to the organization are made during the year, CHDO's are responsible for informing the Osceola County HOME Consortium of such changes within five (5) business days of the change.

If the organization is not recertified, it is not eligible to receive any funds and/or services reserved for CHDOs until such time as the organization is able to prove to the satisfaction of the Osceola County Consortium that they still meet all of the criteria necessary to obtain CHDO certification.

The status of the CHDO certification will be verified by the Osceola County HOME Consortium prior to awarding CHDO funds.

6. CHDO Project Funding

The Osceola County HOME Consortium, beginning October 1, 2015, receives an annual allocation of HOME funding from HUD. Once the Consortium receives approval from HUD on its Annual Action Plan, the Consortium will submit a Request for Proposals (RFP) for Osceola County HOME Consortium certified CHDO's to submit a project for funding. RFP's will be processed through the County's Procurement Services Department. CHDO's that are not Osceola County HOME Consortium certified must submit a CHDO certification application. Proposals from organizations not CHDO certified by the Osceola County HOME Consortium will not be funded. Funding availability and County priorities varies each year. Each RFP will outline funding amount, priorities and other applicable instructions.

7. Project Development Using CHDO Set-Aside

The HOME requirements in 24 CFR Part 92.300 require the Osceola County HOME Consortium to set aside at least 15 percent of its annual HOME allocation for projects owned, developed or

sponsored by CHDOs.

A certified CHDO must be an owner, developer or sponsor of a HOME-eligible project to use CHDO set-aside funds. A CHDO may serve in one of these roles or in a combination of roles, such as being owner and developer.

- A. CHDO as Owner: As owner, the CHDO holds valid legal title or has a long-term leasehold investment to the property (99 year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities. However, the CHDO must be the managing general partner with effective control (decision making authority) of the property.

The CHDO may be both owner and developer of its own project.

- B. CHDO as Developer: A CHDO is a developer when the CHDO owns the property and develops the project or has contractual obligations to the property owner to develop the project.

If the *CHDO owns* the property, it must rehabilitate or construct the project and obtain financing. The CHDO may maintain ownership and manage the property for HOME-assisted rental housing or it may transfer title to another entity.

HOME Assisted Rental Housing

Upon project completion, 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.

HOME Assisted Homebuyer Projects

CHDO transfers title of the property and the HOME obligations to an eligible homebuyer within a specific timeframe of the project.

If the CHDO *does not* own the property, it must have a contractual obligation to the property owner to obtain financing and rehabilitate or construct the property. All risks and rewards are assumed by the CHDO under this agreement. A written contract between the CHDO and the property owner must specify the CHDO's obligations.

If the CHDO develops the project for an owner according to a written agreement with the Osceola County HOME Consortium, the CHDO is acting as a Subrecipient. Organizations receiving funds as subrecipients cannot use funds from the 15 percent CHDO set-aside for that particular project.

- C. CHDO as Sponsor: CHDOs may sponsor HOME-assisted rental housing or homebuyer projects.

For HOME-assisted rental housing – The CHDO develops a project that is solely owned or partially owned by the CHDO and conveys ownership to a second nonprofit organization at a determined time. The conveyance may occur before or during development or upon completion of the project. The following requirements apply:

HOME funds must be invested in the project owned by the CHDO sponsor. The CHDO sponsor must name the nonprofit organization that will obtain ownership of the property prior to commitment of CHDO set-aside funds. The second nonprofit must assume all HOME obligations, including affordability periods, for the project after conveyance. If the property is not transferred, the CHDO sponsor will remain liable for all HOME obligations.

The nonprofit organization must be a legally and financially separate entity from the CHDO sponsor.

For HOME-assisted homebuyer projects – The CHDO is a sponsor when it owns the property and shifts responsibility to a second nonprofit at a specified time in the development process. The following requirements apply:

HOME funds must be invested in the project owned by the CHDO; and

The second nonprofit must acquire the completed units or complete the rehabilitation or construction of the property; and

Upon completion of the project, the second nonprofit is required to transfer the property, along with all HOME obligations, to a HOME-qualified homebuyer.

- D. CHDOs as Developers or Sponsors: The CHDO developer and sponsor roles are similar. In both, the CHDO assumes the principle project development activities, like acquisition, financing, construction management, and assembling a development team to complete the project; however, as developer, the CHDO need not own the property. As sponsor, the CHDO must own the property, in whole or in part, and shift the responsibility to another nonprofit at a specified time in the development process. The transfer could occur, for example, at the initiation of construction, completion of construction or issuance of the certificate of occupancy.

8. **Eligible and Ineligible Uses of CHDO Set-Aside Funds**

- A. **Eligible Activities – Owners, Sponsors, and Developers**: A CHDO acting as owner, sponsor or developer may use the 15 percent CHDO set-aside for the following activities:

Acquisition and/or rehabilitation of rental or homebuyer property; New construction of rental or homebuyer property; and

Direct financial assistance to homebuyers of HOME-assisted property developed or sponsored by the CHDO. CHDO set-aside HOME funds must have been used during the construction or rehabilitation of the property.

- B. **Ineligible CHDO Activities - Ineligible uses of the HOME CHDO set-aside are:**

Homeowner rehabilitation;

Tenant-based rental assistance (TBRA); and

Downpayment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO funds.

- C. Operating Assistance - Up to 5 percent of the Osceola County HOME Consortium's allocation may be used to provide funds for CHDO operating assistance. This allocation does not count toward the 15 percent set-aside funds used by CHDOs for projects. To be eligible for CHDO operating assistance, the CHDO must submit a funding application for a CHDO-eligible project and CHDO operating funding must be available. A separate application and process is followed for operating assistance. The Osceola County HOME Consortium may not have operating assistance available each year. The Consortium will announce an open application period if funding becomes available.

CHDO operating assistance may not exceed whichever is greater:

\$50,000 each fiscal year, or

Fifty percent (50%) of CHDO's total annual operating expenses for that year.

A certified copy of the CHDO's most recent operating budget must be submitted to the Osceola County HOME Consortium to determine amount of assistance. Operating funds are provided on a year-by-year basis provided funds are available and the organization has acceptable performance in the community. CHDOs applying for operating funds must be prepared to submit detailed project plans. Operating assistance is provided on a performance basis in accordance with the project submitted.

Consideration will be given to organizations that are starting out and need a target area plan. The Planning section can help develop the plan and funding will be provided to the CHDO based on progress toward the plan.

The Osceola County HOME Consortium reserves the right to delay payment of operating funds if it is evident that the CHDO project is experiencing delays.

The provision of CHDO operating assistance is to nurture successful CHDOs, the Osceola County HOME Consortium will periodically evaluate the performance of any CHDO wishing to receive CHDO operating funds. The Consortium reserves the right to reduce the amount of or not award operating assistance based on its evaluation of CHDO's production and/or overall performance.

Eligible operating expenses are:

Salaries, wages, benefits, and other employee compensation; Rent and utilities;

Communication costs; Taxes and insurance; Equipment, materials, and supplies.

9. **Performance Reporting**

For all funded CHDO projects, monthly performance reports are required to document progress. In addition to submitting the report form provided by the Consortium, the CHDO must:

- A. Provide an update on the status of the currently funded CHDO project(s) and describe what progress has been made in the current reporting period.
- B. Describe the accomplishments of the project funded with CHDO funds in the current reporting period. Indicate the activities for the month.
- C. Describe any problems or delays encountered with the program. How were they resolved? What effects were there, if any, on program costs?
- D. A report on the community involvement and participation in the CHDO with regard to

beneficiaries of the projects as well as partner organizations and other entities involved in serving low-and moderate-income households.

- E. A listing of activities and involvements of the board of directors in planning and development of CHDO projects.
- F. A description of the ongoing development of its staff and board of directors; i.e., trainings completed, certifications achieved, recognition awarded, etc.
- G. A description of what the receipt of the CHDO operating funds has enabled the CHDO to accomplish that would otherwise have been unable to achieve and a detailed narrative of specific uses of the CHDO operating funds (if applicable)

10. Affordability Period

To ensure affordable housing over the long term, the HOME program imposes rent and occupancy requirements. For properties with five or more HOME-assisted units, 20% of the HOME-assisted units must be occupied by families who earn <50% of the HUD determined Median Yearly Family Income. For current Median Family Income limits and Fair Market Rents, please see the HUD website at www.hud.gov. Two HOME rents are used. High HOME rents are the lesser of:

The Fair Market Rents (FMRs) for existing housing, or
30% of the adjusted income of a family whose income equals 65% of the median income.

Low HOME rents are imposed for properties with five or more HOME-assisted units; 20% of those HOME-assisted units must have rents no greater than:

30% of the tenant’s monthly adjusted income, or
30% of the annual income of a family whose income is 50% of the median income.

The length of the affordability period depends on the amount of the HOME investment and the nature of the activity.

Activity	Average Per-Unit Home Price	Minimum Affordability Period
Rehabilitation /or Acquisition of Existing Housing or New Construction Single Family Homes	\$15,000/unit	5 Years
	\$15,000 - \$40,000/unit	10 Years
	>40,000/unit	15 Years
Refinance of Rehabilitation Project	Any \$ Amount	15 Years
New Construction or Acquisition of Rental Housing	Any \$ Amount	20 Years

11. Process for Drawing of CHDO Funds

CHDO funds are awarded on a calendar year basis. Draw requests for eligible expenses can be made on a monthly reimbursement basis (CHDO must first expend the funds and then request reimbursement from the Osceola County HOME Consortium) or if the contract allows, disbursements

can be made for acquisition directly to the title company.

12. CHDO Proceeds

The Osceola County HOME Consortium allows CHDOs to retain proceeds. To be eligible for CHDO proceeds retention, the CHDO must provide a written plan for the use of such funds with the initial CHDO application and maintain a tracking system for CHDO proceeds.

Proceeds are funds resulting from:

Permanent financing of a CHDO project used to pay off a CHDO-financed construction loan;

The sale of CHDO-developed homeownership housing to a homeowner or a second non-profit;
and

Interest and principle payments from a loan to buyer of CHDO-developed homeownership housing.

Proceeds are not considered program income.

13. CHDO Procurement

CHDOs are not subject to requirements of 24 CFR, Part 84 in regard to procurement of goods and services. This exemption is for CHDO-funded projects only; CHDOs must still follow appropriate procurement procedures that are compliant with Part 84 for their non-CHDO projects. The Osceola County HOME Consortium may request a copy of the CHDO's procurement policy for any non-CHDO project.

14. How to Apply for the Osceola County HOME Consortium CHDO Certification

- A. Complete the Osceola County HOME Consortium CHDO Application.
- B. Include all requested attachments, documentations and forms.
- C. Mail or hand-deliver the application and attachments to the address below.
Fax or e-mail copies are not acceptable.

The applicant has 14 days to respond to any request for additional information. If the requested information is not received in 14 days, the application will be denied.

**HOME Program Administrator
Osceola County Human Services Department
330 N. Beaumont Avenue
Kissimmee, FL 34741**

For questions on the application process, you can contact HOME staff at cdbg@osceola.org, 407-742-8405 or 407-742-8465.