HOME
Community Housing Development Organization (CHDO)

Application for Certification
HOME Program Year 2026-2027

Administered by:
The South Carolina State Housing Finance and Development Authority
Rev. 2-11-26

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Overview

The National Affordable Housing Act of 1990 (the Act) created the HOME Investment Partnerships Program (HOME). The Act's objectives include promoting partnerships between states, local governments, and nonprofit organizations. A "community housing development organization" (CHDO), is a specific kind of community based nonprofit housing organization defined by the HOME Final Rule (24 CFR Part 92). CHDOs have a distinct and special status within the HOME program. Each Participating Jurisdiction (PJ) must set-aside at least 15% of its total HOME allocation each year specifically for projects that will be owned, developed, or sponsored by CHDOs.

At a high level, the CHDO definition can be grouped into four key elements. To be recognized as a CHDO, an organization must be:

1. A legally incorporated tax-exempt nonprofit organization;
2. An independent organization free of undue control by for-profit or governmental entities;
3. Accountable to the low-income community it serves; and
4. Capable of undertaking the development of affordable housing.

In the past, SC Housing certified CHDOs on an annual basis. SC Housing will begin, starting on 1.1.2025, biennial (2-year) certification process to prepare a list of entities that meet the general CHDO requirements and to verify an organization previously funded as a CHDO continues to meet the CHDO definition throughout the duration of the affordability periods of their awarded projects.

In addition to the biennial certification process, the initial certification of CHDOs is incorporated into the application process for the Small Rental Development Program (SRDP). Each time SC Housing provides funding to an organization from the CHDO set-aside, SC Housing must determine that the organization meets the CHDO definition and that it will own, develop or sponsor HOME-assisted housing as defined in §92.300. An organization will only be certified as a CHDO if it demonstrates it has the staff and financial capacity appropriate to successfully develop and operate the proposed project.

Definitions

Applicant – a 501(c)(3) or (4) or a Section 509 subordinate organization.

Application – the completed forms, schedules, attachments, and any additional documentation requested in the application for certification purposes.

Board Resolution – an action taken by the board of directors which applies to a single act (as opposed to bylaws which are the rules that govern an organization and regulate its affairs). A resolution is proposed by a motion, made and seconded, that the resolution be adopted. It should be dated and executed by the board chairperson and executive director.

There is no formal rule to govern when a resolution should be made; however, there are some circumstances when a resolution is the most appropriate course of action. These include:

- If the matter is one that the statute, charter, or bylaws require to be covered by a resolution;
- If the matter regulates the management of the corporation and is meant to be permanent until changed;
- If the matter is one of importance;

- If the matter is one that is likely to be referred to from time to time; and
- If the matter consists of amendments to the charter or bylaws.

Community Housing Development Organizations (CHDO) – a private nonprofit organization that:

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Is neither controlled by, nor under the directions of, individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, but:
   i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
   ii. The for-profit entity may not have the right to 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;
   iii. The CHDO must be free to contract for goods and services from vendors of its own choosing; and
   iv. The officers and employees of the for-profit entity may not be officers or employees of the CHDO.
4. Is tax-exempt as follows:
   i. The private nonprofit organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1));
   ii. The private nonprofit organization is a subordinate organization that has been included in its 501(c)(3) or (4) central organization's group exemption letter by the Internal Revenue Service; or
   iii. The private nonprofit organization is wholly owned by the community housing development organization, as defined in this part, and is disregarded as an entity separate from its owner organization for Federal tax purposes.
5. Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a community housing development organization; however, no more than one-third of the board members of the organization may be officials or employees of the participating jurisdiction or governmental entity that created the community housing development organization. Further, no governmental entity may have the right to appoint more than one-third of the organization's board members. The board members appointed by a governmental entity and the board members that are officials or employees of the participating jurisdiction or governmental entity that created the organization may not appoint any of the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;
6. Has standards of financial accountability that conform to 2 CFR 200.302, 'Financial Management' and 2 CFR 200.303, 'Internal Controls;'
7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or bylaws;
8. Maintains accountability to low-income community residents by:
   i. Maintaining 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

ii. Providing 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;

9. 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.
   i. 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;
   ii. 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);
   iii. An organization that will sponsor housing must demonstrate capacity as a developer or capacity to act as owner, as described in paragraphs (9)(i) and (ii) of this definition; and
10. 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.

Community – In urban areas, "community" is not necessarily limited to a single neighborhood, but may include several neighborhoods, the city, county, or metropolitan area. In rural areas, "community" may also cover a multicounty area (but not the entire state).

Low-Income - Persons with income that is below eighty percent (80%) of the median income for the area, as determined by HUD, with adjustments for family size.

Low-Income Neighborhoods – neighborhoods where 51% or more of the residents are low-income (80% and below area median income).

Low-Income Neighborhood Organizations – an organization composed primarily of residents of a low-income neighborhood. The primary purpose of the organization must be to serve the interest of the neighborhood residents. Block groups, town watch organizations, civic associations, neighborhood church groups and NeighborWorks® organizations can be examples of low-income neighborhood organizations.

Low-Income Beneficiary of HUD Program(s) – an individual who receives assistance through a HUD program.

Organizational Chart – Visual representation of how an organization intends authority, responsibility, and information to flow within its formal structure. It usually depicts different management functions (accounting, finance, human resources, marketing, production, R&D, etc.) and their divisions along which decision making power travels downwards and answerability travels upwards.

Participating Jurisdiction (PJ) – any state, local government, or consortium that has been designated by HUD to administer the HOME Program. The South Carolina State Housing Finance & Development Authority is the designated PJ for the State of South Carolina.

SC Housing – the South Carolina State Housing Finance and Development Authority.

CHDO Requirements

A. Eligible CHDO Roles: Only those projects in which the CHDO acts as the **Sponsor**, **Owner**, or **Developer** of the affordable housing will be eligible to receive funds from the CHDO set-aside. The role of the sponsor, owner, or developer is detailed below:

- **CHDO Developer –** Rental housing is "developed" by the CHDO if the CHDO is the owner of multi-family or single-family housing in fee simple absolute (or has a long-term ground lease) and the developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for rent to low-income families in accordance with §92.252. To be the "developer," the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME financing, selecting architects, engineers and general contractors, overseeing the progress of the work and determining the reasonableness of costs. At a minimum, the CHDO must own the housing during development and for a period of at least equal to the period of affordability in §92.252.

- **CHDO Owner** – Rental housing is "owned" by the CHDO if the CHDO is the owner in fee simple absolute of multi-family or single-family housing (or has a long-term ground lease) for rental to low-income households in accordance with §92.252. If the housing is to be rehabilitated or constructed, the CHDO hires and oversees the developer that rehabilitates or constructs the housing. At minimum, the CHDO must hire or 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 CHDO must own the rental housing during development and for a period of 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 of least equal to the period of affordability in §92.252.

- **CHDO Sponsor** – Rental housing is "sponsored" by the CHDO if it is rental housing "owned" or "developed" by a subsidiary of a CHDO, a limited partnership of which the CHDO or its subsidiary is the sole general partner, or a limited liability company of which the CHDO or its subsidiary is the sole managing member.

    - The subsidiary of the CHDO may be a for-profit or nonprofit organization and must be wholly owned by the CHDO. If the limited partnership or limited liability company agreement permits the CHDO to be removed as general partner or sole managing

member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.

- The HOME funds must be provided to the entity that owns the project.
- HOME-assisted rental housing is also "sponsored" by a CHDO if the CHDO "developed" the rental housing project that it agrees to convey to an identified private nonprofit organization at a predetermined time after completion of the development of the project. The nonprofit organization assumes the CHDO's HOME obligations (including any repayment of loans) for the rental project at a specified time after completion of development. If the housing is not transferred to the nonprofit organization, the CHDO sponsor remains responsible for the HOME assistance and the HOME project. Sponsored rental housing is subject to the following requirements:
  - The private nonprofit organization may not be created by a governmental entity.
  - The HOME funds must be invested in the project that is owned by the CHDO.
  - Before commitment of HOME funds, the CHDO sponsor must select the nonprofit organization that will obtain ownership of the property.

B. Eligible CHDO Activities: The only eligible CHDO activity is rental housing.

Submitting CHDO Certification Applications

Applications may be obtained on SC Housing's website. Applications may be delivered by mail, other shipping service, Secure File Exchange, or by hand delivery to the SC Housing's offices at:

DEVELOPMENT DIVISION
CHDO Certification Application
300-C Outlet Pointe Blvd., Columbia, SC 29210

- Facsimile or email transmissions will **NOT** be accepted.
- Provide one (1) **original** application, no additional copies are needed.
- To submit Applications by using our **Secure File Exchange**, click on this link: https://schousing.com/Home/PartnerLogin

Entities with existing CHDO funded projects that are still subject to HOME income and rent restrictions must submit recertification applications by Tuesday, March 31, 2026.

Entities applying for CHDO set-aside funds in the Small Rental Development Program (SRDP) are required to complete and submit the CHDO Certification Application when applying for those funds. Instructions for submitting the CHDO Certification Application documents are included in the SRDP application package.

Instructions for Completing the Application

The applicant must complete the fillable application, sign the certification and place the original CHDO Application behind **Tab 1.**

A. Qualifying Criteria – Legal Status:

1. **Tax-Exempt Status**: An organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986 before being designated by SC Housing as a CHDO. A copy of the letter from the IRS stating an organization's status should be placed behind **Tab 1.**

   The permissible tax-exempt statuses are:
   - 501(c)(3) or 501(c)(4) status; or
   - Section 509 status – a subordinate organization of a 501(c) organization; or
   - A wholly-owned entity that is a disregarded entity separate from its owner for tax purposes and is owned by an entity with a tax exemption ruling from the IRS under Section 501(c)(3) or 501(c)(4).

2. **Status of Good Standing:** The organization must maintain a "Good Standing" status with the S.C. Secretary of State's Office as long as the organization is a CHDO. To show a nonprofit is in Good Standing, visit the Secretary of State's web page at www.scsos.com; click on "Business Entity Search," once the nonprofit is found, print a paper copy of the webpage showing the organization is currently in "Good Standing" and submit behind **Tab 1.**

3. **Debarred or Suspended Applicants:** In accordance with SC Housing requirements, no award of federal state funds may be made to CHDO applicant that is debarred or suspended, or proposed to be debarred or suspended from doing business with the federal or state government. An **Attachment A – Debarment Certification Form** must be completed by the Applicant entity and if applicable, any subsidiary organizations. Submitted Debarment Certification Forms go behind **Tab 1.**

4. If the CHDO is created or sponsored by a for-profit entity, a copy of the for-profit organization's **Articles of Incorporation** must be submitted behind **Tab 2**.

5. A copy of the organization's current **By-Laws** must be submitted behind **Tab 2**. Each requirement listed below **MUST BE** highlighted or circled within the copy of the Bylaws or the item will be considered missing. If these items are not in the Bylaws, they can be submitted as a Board Resolution or other appropriate method.

   a) Bylaws must be exclusive to the organization and be **signed and dated**. If the Bylaws have been revised, dates and signatures should reflect such.
   b) **Clear Housing Purpose**: A provision of decent housing that is affordable to low and moderate-income persons must be among the purposes of a potential CHDO and included in the Bylaws.
   c) The financial year on which the organization operates must be in the Bylaws (i.e. calendar year, fiscal year from July 1 – June 30, etc.)
   d) **Service Area:** CHDOs must have a clearly defined geographic service area. A CHDO's service area is limited to seven (7) counties which includes the county where their central office is located and up to six (6) nearby/surrounding counties. The defined service area must be included in the By-Laws. Having a service area that is the entire state is prohibited.
   e) **Board Structure:** A potential CHDO's board structure must reflect that which is defined below under "Organizational Structure." Such structure must be outlined and identified as the CHDO applicant's chosen method for governance. Board terms must be defined for all board members. A life time board term is not acceptable.
   f) **No Benefits Provision:** No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors or individuals. A "no benefit" provision, stating the following: *"No*

employee, agent, consultant, Board member or officer of [the organization] may obtain a financial interest or benefit from [the organization]'s participation in any Authority programs or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder during one's tenure, or for one year thereafter. Nor shall an immediate family member or business associate of an employee, agent, consultant, Board member or officer, or any organization which employs or is about to employ such employee, agent, consultant, Board member or officer, obtain a financial interest or benefit from the transaction or contract of [the organization] related to participation in any Authority programs."

g) **Low-income Input Process**: A CHDO Applicant must create a formal process for low-income program beneficiaries to advise a CHDO on all of its decisions regarding the design, location of sites, development and management of affordable housing projects. CHDO Applicants should establish a system for community involvement throughout all parts of their service areas where housing will be developed. Those systems might include special committees of neighbors/neighborhoods of the proposed development site; Advisory Councils, Open Town Meetings, or Ad Hoc Committees. The process must be described in writing and the CHDO must maintain records showing their formal process has been followed. Examples of records are flyers, pictures, agendas, or minutes of low-income input meetings; or agendas and/or minutes of board meetings documenting low-income input or information gathered at a previous time; or any other reasonable means. Documentation of the implementation of this process must be provided along with **Attachment G-CHDO Low Income Input Process** or must be included with any applications submitted for projects requesting HOME funds.

h) **Organizations created or sponsored by governmental or for-profit entities**: Language must be included that states the following:
- The governmental or for-profit may not appoint more than 1/3 of the membership of the organization's governing body; and
- The board members appointed by the governmental or for-profit entity may not appoint the remaining 2/3 of the board members.
- The officers or employees of the governmental or for-profit entity may not be the officers or employees of the CHDO.

B. Organizational Structure

A CHDO is created to respond to a particular community's needs. The structure of a CHDO's Board of Directors is viewed as the main indicator of community control over the CHDO. A CHDO **Applicant must have a minimum of five (5) board members** with the majority situated within the defined service area(s) **and must** be composed as follows and cannot be staff members:

1. At least one-third (1/3) of the Board must be representatives of the low-income community. There are five ways to meet this requirement:

a) Residents of low-income neighborhoods in the community: Residents of low-income neighborhoods do not have to be low-income themselves. Low-income neighborhoods must be verified and identified as such through census tracts. Census tract must be low or moderate income. If Census Tract is not available then CDBG target areas or other appropriate means will be accepted. See below for instructions.

CHDO Certification

i. Instructions to determine your Tract Code**:** Go to: https://geocoding.geo.census.gov/geocoder/geographies/address?form. Enter

your address, scroll to bottom to view Tract Code.

ii. Instructions to document a census tract is low income:
   i. Go to https://apps.ffiec.gov/census/default.aspx
   ii. Scroll down the list of states, select "45-SOUTH CAROLINA (SC)," THEN CLICK "RETRIEVE BY COUNTY."
   iii. Scroll down the list of counties, select the county in which your site is located, then click "GET TRACT LIST."
   iv. Scroll down the list of tracts, select the tract in which your site is located, then click "GET CENSUS DEMOGRAPHIC."
   v. Under the header labeled "Data Report Links," click the word "Income." Tract must be low or moderate income to qualify.

b) Low-income residents of the community - Low-income residents do not have to live in a low- income neighborhood but the Board member must certify that their annual gross income (adjusted for family size) is at or below 80% of the area's county median income.

c) Elected representatives of low-income neighborhood organizations - The governing body of a low-income neighborhood organization may elect a representative to serve on a CHDO Board. Verification of a low-income neighborhood organization's election procedure, term, and minutes of the meeting in which the vote took place are required to be submitted.

d) Low-income beneficiary of a HUD program.

e) Designee of a non-profit organization in the community that addresses the housing or supportive service needs of low-income residents or residents of low-income neighborhoods.

2. No more than one-third (1/3) of the Board may be public officials or employees of a Participating Jurisdiction (PJ). A member of the governing board of a CHDO Applicant would be considered to be a representative of the public sector if he/she is a(n):
   a) **Elected Official:** council members, aldermen, commissioners, state legislators, members of the school board, mayors and so forth;
   b) **Appointed Public Official:** members of a planning or zoning commission or of any other regulatory and/or advisory boards, or commissions;
   c) **Public Employee:** all employees of public agencies (including schools) or departments of government; or
   d) **Public Official's Appointee:** any individual who is not necessarily the appointed public official, but who has been appointed by an appointed public official (as described above) to serve on the CHDO board. Members of the board appointed by public officials cannot select other members of the board.

3. The balance of the Board is unrestricted**.** They 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 that do not also meet the "public official" description explained above.

Applicants must complete the Board of Directors Information form **(Attachment B)**. In addition, each Board Member is required to complete a Board of Directors Representation form **(Attachment C)**. These attachments will be used to determine if the organization's Board structure meets HUD regulatory requirements for board structure. All verification documentation is to be placed behind **Tab 3**.

C. **Experience and Staff Capacity** An organization applying for certification to become a CHDO must demonstrate the capacity of its key staff to carry out HOME-assisted activities. HOME regulations require that a CHDO have paid employees with housing experience appropriate to the role the CHDO expects to play in projects. At a minimum, the CHDO must have at least one full-time paid staff member. A CHDO must have its own professional, experienced staff and cannot rely on the staff of parent or affiliated organizations, or be board members.

1. Skills necessary for a professional staff to sustain capacity include:

a) Management of the organization on a daily basis; time management; fiscal management; conflict management; team management; communication; and commitment.
b) Defining the project - identify market, assemble/manage development team; test feasibility; and negotiate effectively.
c) Undertake project - build and maintain relationships; attend to details; manage the development team; adapt and manage a crisis; and negotiate effectively.
d) Complete or manage a project to completion - deliver on time and within the established budget and produce a quality product, recognize and correct mistakes when made; and evaluate outcomes objectively

For its first year of funding as a CHDO, an organization may satisfy the experience and capacity requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. Such consultant must first be approved by SC Housing.

D. Documentation for experience and staff capacity behind **Tab 4** must include:
   a) **Attachment D**-Staff Roster
   b) Organization Chart
   c) Up-to-date Resumes or Biographies of all **key** staff
   d) Staff payroll documentation, W-2s/1099s (redacting all PII except name)
   e) Descriptions of similar completed or ongoing projects that key staff have been or are currently working on.
   f) **Attachment E-Consultant Disclosure**, if applicable.
   g) Copies of consultant contracts, if applicable.

E. **Financial Requirements** At a minimum, a CHDO Applicant must demonstrate that it is financially viable and has a financial management system in place that provides proper controls and reporting of the organization's activities. The financial accountability standards must conform to 2 CFR 200.302 (Financial Management) and 2 CFR 200.303 (Internal Controls).

The applicant must provide the following financial documentation behind **Tab 5:**
1. **Financial Statements**: The organization's most recent financial statements must be submitted. The financial statements must include a Statement of Financial Position, Statement of Activities (documenting one full year of activity), and notes/footnotes or disclosure statements to the financial statements.
2. **The most recent income tax return** or IRS Form 990 (must also provide evidence of delivery to the IRS). Board members must be appropriately documented in the IRS Form 990.
3. **Attachment F – Standards for Financial Management Systems** completed, executed and notarized.
4. The Applicant's **current fiscal year operating budget**.

Application Review Process

SC Housing staff will review the CHDO application and the required documents to ensure the application package is complete.

- CHDO applicants will receive either a letter of CHDO certification or a deficiency letter.
- Applicants that receive a deficiency letter identifying missing and/or incorrect documents will be allowed to submit corrected or missing documents.
- Organizations that have been debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction developments involving the use of governmental funds, including but not limited to CDBG, RHS, Federal Home Loan Bank, HOME, National HTF, LIHTC, SC HTF are NOT eligible applicants.
- SC Housing will maintain a list of CHDOs meeting the general CHDO requirements that will be posted on SC Housing's HOME program web page.

Debarments/Suspensions

Information about SC Housing's Suspension and Debarment Policy can be found on SC Housing's website: SC Housing Suspension and Debarment Policy | South Carolina Housing