



# Community Housing Development Organization (CHDO) Application Guidelines

Updated Fall 2025

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## Introduction

The Virginia Department of Housing and Community Development (DHCD) developed this document to serve as a guide for potential applicants to assess the benefits of becoming a CHDO and help determine whether CHDO status makes sense for the organization. This document provides a general overview of the Community Housing Development Organization (CHDO) designation requirements and the Commonwealth of Virginia's CHDO application process.

An applicant should take note of the following:

- CHDO certifications are made at the project level and must be renewed annually.
- Having been certified as a CHDO for a prior application is NOT sufficient.
- CHDO certifications from other jurisdictions (i.e., local governments) are not a substitution for the state's CHDO certification.

**Application materials are included at the end of the document and in CAMS.**

Please note, CHDO status is not a requirement for accessing HOME funds. However, current CHDO status provides Affordable and Special Needs Housing program applicants with additional points for scoring and is a prerequisite for receiving funds from CHDO Operating Assistance program.

If you have questions about the CHDO application process, please contact Carly Blake, [carly.blake@dhcd.virginia.gov](mailto:carly.blake@dhcd.virginia.gov) or Michaela Hatton, [michaela.hatton@dhcd.virginia.gov](mailto:michaela.hatton@dhcd.virginia.gov).

## General Information

Community Housing Development Organization, or CHDO (pronounced cho'doe), is a special status that DHCD can provide to a private nonprofit, community-based organization whose primary purpose is to provide and develop affordable housing for the community it serves. This status means that DHCD has certified that the organization meets specific qualifications as required by the department of Housing and Urban Development's (HUD) HOME Investment Partnership Fund (HOME) program regulations.

### Terms and Acronyms

**CHDO:** Community Housing Development Organization

**DHCD:** Department of Housing and Community Development

**HUD:** Department of Housing and Urban Development

**PJ:** Participating Jurisdiction, and for the purpose of this document, the PJ is DHCD

**ASNH:** Affordable and Special Needs Housing program

### Why form a CHDO?

HOME funds are available through DHCD exclusively for qualified, eligible CHDO projects and operating expenses. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside for CHDOs, as well as additional special assistance. CHDO set-aside funds provide equity for community-based organizations to undertake projects and build their capacity to serve a broad range of affordable housing development. DHCD is required to set-aside a minimum of 15 percent of their HOME allocations for housing development activities in which qualified CHDOs are the owners, developers and/or sponsors of affordable housing in the communities that they serve.

The roles of a CHDO as an owner, developer, or sponsor have been codified in the HOME Investment Partnership Rule at 24 CFR Part 92.300(a)(2)-(6):

[https://www.govregs.com/regulations/expand/title24\\_part92\\_subpartG\\_section92.300](https://www.govregs.com/regulations/expand/title24_part92_subpartG_section92.300).

### What are the organizational requirements of a CHDO?

CHDOs must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

Please review the following resources to determine if your organization is eligible and has the capacity to become a CHDO:

- [CHDO Capacity Self-Assessment Tool](#)
- [CHDO Survivor Kit](#)

## What Special Assistance Is Available to CHDOs?

In contrast to the 15-percent set-aside mandated by the HOME Program, Participating Jurisdictions (PJ) have total discretion whether to provide special forms of assistance to CHDOs. However, certified CHDOs are eligible to receive special assistance funds.

### **Operating Expenses in Conjunction with Producing Units**

Funds are sometimes available to provide general operating assistance to CHDOs receiving CHDO set-aside funds for development activities. Certified CHDOs may receive funds from PJs to be used for operating expenses depending on available funds. PJs have the OPTION:

1. of allocating up to 5 percent of their HOME allocations to provide funds for CHDO operating expenses; and
2. to set a limit of HOME funds for CHDO operating expenses. This allocation does not count toward the required 15-percent CHDO set-aside funds that are to be used by CHDOs for projects.

Eligible operating expenses for which CHDOs may use the funds allocated by PJs include:

- salaries, wages, and benefits for employees;
- employee education, training and travel;
- rent and utilities;
- communication costs;
- taxes and insurance; and
- equipment, materials, and supplies.

## HOME Program Resources

- HOME Overview: “The Home Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use-often in partnership with local nonprofit groups—to find a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households”: (<https://www.hudexchange.info/programs/home/>)
- The HOME Final Rule: CHDO Roles: Own, Develop, Sponsor Webcast: <https://www.hudexchange.info/trainings/courses/home-final-rule-chdo-roles--own-developsponsor-webast/> has additional information on CHDO requirements.
- Other Information for HOME Investment Partnership Programs: See the HUD Exchange website at <https://www.hudexchange.info/>.

## Eligible Activities

HOME CHDO set-aside funds are for use by DHCD-designated CHDOs. CHDOs must be the owner, developer or sponsor of the affordable housing project in the community that they serve. In owner or developer roles, CHDOs must own HOME-assisted housing in fee simple absolute or have a long-term ground lease.

### **CHDO as an Owner**

A CHDO is considered an owner of a property when it holds valid legal title or has long-term leasehold interest (99-year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities. A CHDO can own and operate housing that it does not develop. A nonprofit that will undertake property ownership and management must demonstrate ownership/management experience.

While a CHDO may be sole owner and have another entity act as a developer, it also can be the owner and developer of its own project. The CHDO may own a property in partnership with either a majority or minority interest. However, the CHDO, in partnership with a wholly owned for profit or nonprofit subsidiary, must be the managing general partner with effective control (in decision-making authority) of the project.

### **CHDO as a Developer**

A CHDO is considered a developer when it either owns the property and develops the project or has the contractual obligation to a property owner to develop a project.

Under 24 CFR Part 92.252, if the CHDO owns the property, it must be in total control of the development process, which includes:

- zoning;
- securing non-HOME financing;
- selecting architects, engineers, and general contractors;
- overseeing the progress of the work; and
- determining the reasonableness of costs.

For HOME-assisted rental housing, the CHDO also owns the property during the development and throughout the period of affordability.

For HOME-assisted homebuyer projects, the CHDO must transfer title of the property and the HOME obligations to an eligible homebuyer within a specified time frame of project completion.

If the CHDO does not own the property, it must be under a contractual obligation with the owner to obtain financing and rehabilitate or construct the project. Under this arrangement, the CHDO assumes all risks and rewards associated with being the project developer. A written agreement between the CHDO and the property owner must detail the CHDO's specific

obligations. For HOME-assisted rental housing, the CHDO may manage the project for the owner at project completion. For homebuyer housing, the owner must transfer title of the property and the HOME obligations to eligible homebuyers within a specified timeframe of project completion.

If the CHDO develops the property for an owner based on a written or other agreement with the PJ, the CHDO is acting in the capacity of a sub-recipient. CHDOs receiving funds as a sub-recipient cannot use the funds from the 15 percent set-aside for that project or service.

### **CHDO as a Sponsor**

A CHDO may be a sponsor for both HOME-assisted rental housing and homebuyer housing. A CHDO sponsor must always own the project before and/or during the development phase of the project.

#### ***For HOME-assisted rental housing***

The CHDO is considered a sponsor when it develops a project that it solely or partially owns and agrees to convey ownership to a second nonprofit organization at a predetermined time. The conveyance may occur before or during development or upon completion of the project's development. In this situation, the following requirements apply:

- HOME funds must be invested in the project owned by the CHDO sponsor. The CHDO sponsor must identify the non-profit organization that will obtain ownership of the property before the commitment of HOME funds. The second nonprofit must assume all HOME obligations (including repayment of loans and tenant and rent requirements) for the project from the CHDO at a specified time. If the property is not transferred to the nonprofit organization, the CHDO sponsor will remain liable for the HOME obligations.

The nonprofit organization must be financially and legally separate from the CHDO sponsor. (The second nonprofit may have been created by the CHDO; nevertheless, it is a separate entity from the CHDO). The CHDO must provide sufficient resources to the nonprofit organization to ensure the completion of the development and long-term operation of the project.

#### ***For HOME-assisted homebuyer projects***

The CHDO is considered a sponsor when it owns a property and then shifts responsibility for the project to another nonprofit at a specified time in the development process. The second nonprofit, in turn, transfers title, along with the HOME obligations and resale/recapture requirements, to a HOME-qualified homebuyer within a specified time frame. In this situation, the following requirements apply:

- The HOME funds must be invested in the property owned by the CHDO.
- The other nonprofit being sponsored by the CHDO must acquire the completed units or complete the rehabilitation or construction of the property.

Upon completion of the rehabilitation or construction, the sponsored nonprofit is required to sell (transfer) the property, along with the HOME loan/grant obligations, to a qualified homebuyer.

This sponsorship role could include a lease-purchase approach, whereby the sponsor would lease the property to a homebuyer for a period not to exceed two years. When the lease expires, the sponsor must sell or transfer the property, along with the HOME loan/grant obligations, to the homebuyer. If the property is not transferred, the sponsored nonprofit retains ownership and all HOME rental requirements will apply.

### **CHDO as a Developer or Sponsor**

The CHDO developer and sponsor roles are similar in many ways. In both roles, the CHDO carries out the principal project development activities, such as acquisition, financing, construction management, and assembling a capable development team to bring a project from conception to completion.

However, as developer, the CHDO need not own the property.

As sponsor, the CHDO must own the property and shift the responsibility to another nonprofit at a specified time in the development process. This transfer could occur, for example, at the:

- initiation of the construction;
- completion of the construction; or
- issuance of the certificate of occupancy.

### **CHDO as a Sub-Recipient**

CHDOs may play the role of a “sub-recipient,” which undertakes all other HOME-eligible activities.

Activities performed as a sub-recipient cannot be undertaken with, nor do they count toward, the 15 percent CHDO set-aside. Being a HOME sub-recipient is not the same as being a sub-recipient in the Community Development Block Grant (CDBG) program. A HOME sub-recipient is an entity selected by the PJ to administer:

- aspects of a HOME Program (that is, screen projects, market activities, review and certify tenant income, and counsel potential homebuyers); or
- an entire HOME activity (that is, manage a tenant based rental assistance program or review requests for HOME funds for the rental housing production set-aside).

When a CHDO is acting in the capacity of a HOME sub-recipient, it may not also receive HOME funds to develop, sponsor, or own housing funded through the sub-recipient activity it is administering. Doing so constitutes a conflict of interest for the CHDO.



Example: If a CHDO is distributing funds for a rental program for a PJ (as a subrecipient), the CHDO may not grant itself money for rental projects it is developing.

## Applying for CHDO Status

In fall of 2021, ASNH began requiring CHDO applications in CAMS. **If an organization was certified as a CHDO prior to fall 2021 and has not submitted an application in CAMS, they must do so before they can claim status on an ASNH application for HOME funds.**

The complete and accurate application must be submitted in CAMS. Submission must be completed prior to submitting an ASNH application for HOME funds. Incomplete applications or applications submitted during the ASNH application round will not be reviewed. If an application is incomplete, ASNH staff will notify the applicant and they will need to revise their application in CAMS.

Once an application is approved, the organization will see the CHDO project in their CAMS portal. ASNH staff will upload the certification to the project.

Information on what documentation an organization will need to gain CHDO status is in the **Application Instructions** section of this document.

## Renewing CHDO Status

As HUD strongly recommends recertification of CHDOs annually, DHCD requires recertification annually. When it is time for an organization to recertify for a project, they will receive notification of a report in CAMS. A copy of this reports can be found at the end of this document. **Recertification must be completed before a program agreement will be administered.**

## Accessing the CHDO Application

All applications for CHDO status must be submitted through DHCD's **Centralized Application and Management System** (CAMS).

An Applicant must have a registered CAMS organizational profile (including UEI) in order to submit an application. Once an organization has an approved profile, individual users may be given access to CAMS by the organization's Profile Manager. It is the organization's responsibility to keep individual users, their contact information, and their assigned roles updated in CAMS.

The CAMS **User Guide** provides information and instructions on setting up and managing a CAMS account, and should be used first to troubleshoot any errors. Please allow up to two business days for responses to any CAMS Help Desk request. DHCD technical assistance is limited to normal business hours.



## CHDO Application Instructions

Each of these listed items is required and must be clearly labeled in order for the CHDO Application to be considered complete:

- I. CHDO Application Packet (**template provided**)
- II. CHDO Certification of Board Status (**template provided**)
- III. CHDO Certification of Low-Income Representation (**template provided**) for each Board Member
- IV. Charter
- V. Articles of Incorporation
- VI. By-laws (including all amendments/ resolutions)
- VII. Tax Information: 501(c)(3) or (4) Certificate from the IRS OR is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue code, as evidenced by a group exemption letter from the IRS that includes the CHDO.
- VIII. Audit: A copy of the CHDO applicant's last audit
- IX. Capacity and experience documentation: i.e. resumes, statements of experience
- X. Staff List: A list of the organization's paid staff including titles, job duties and length of service
- XI. Staff Training: Evidence (documentation) of staff training in the last 12 months
- XII. Signed Statements: A statement that documents at least one year of experience in serving the community, OR for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience serving the community. NOTE: The statement must be signed by the president or other official of the organization
- XIII. Control Documentation: Evidence that the CHDO applicant is not controlled, nor receives directions from individuals, or entities seeking profit from the organization (e.g. MOU, By-laws)

The information contained in this application refers to the definition of Community Housing Development Organizations (CHDOs) in Subpart A, 92.2 of the HOME Final Rule. This application forms the basis for submission requirements for Participating Jurisdictions (PJs) concerning the documents which must be received from a non-profit before it may be designated or recertified as a CHDO.

## Narrative Questions

(To be answered in CAMS)

1. Does your organization meet all requirements of a CHDO organization? Has all necessary documentation been uploaded as an attachment? *DHCD will not approve incomplete applications.*
2. What housing project is this certification for? *To receive points on an ASNH application or receive CHDO operating funds, the CHDO certification must be approved.*
3. What housing projects is your organization presently working on?
4. What housing projects is your organization planning to begin work on within the next 12 months?
5. Has your organization received either a state or local HOME award within the last 12 months?

## CHDO Recertification Form

(Completed in CAMS)

**The following must be provided to DHCD on an annual basis to remain a certified CHDO:**

**Name of person recertifying:** (short input)

**Email:** (short input)

**Date:**

**The CHDO has the same defined geographic service area as the last certification.** (Check yes or no)

If no, upload the new documentation. (upload)

**Please upload proof of staff training.** (upload)

**At least 1/3 of the board membership is for residents of low-income neighbors, other low-income community residents, or elected representative of low-income neighborhood organizations.** (Check yes or no)

**Please upload a list of the current board composition.** (upload)

**Please upload signed income certifications from new board members.** (upload)

**Have there been any updates to your by-laws since your last certification?** (Check yes or no)

If yes, please upload your new by-laws.

**Please explain the changes made and a page number for reference.** (long text)

**To the best of my knowledge and belief, all information in this application is true and correct.** (Check yes or no)