

**§ 8204.1. CHDO Certification.**

- (a) Applicants for CHDO certification may apply to the Department at any time.
- (1) Within 15 business days of receipt of a nonprofit corporation's application for certification as a CHDO, the Department shall provide the applicant with written notice indicating whether the application is incomplete and, if so, what specific information is required for it to be considered complete.
  - (2) Within 45 business days of receiving all of the documentation requested in subsection (b) below, the Department shall provide the applicant with either written notice of certification identifying the geographic area for which the CHDO is being certified or written notice indicating why the CHDO application is being denied.
  - (3) A survey conducted by the Department pursuant to Government Code Section 15376 of the Department's performance determined the minimum, median and maximum elapsed time between receipt of a CHDO application and reaching a final decision; the results are as follows:

Minimum:	15 calendar days
Median	30 calendar days
Maximum:	45 calendar days
  - (4) Applicants that are not certified by the final filing date published in the NOFA shall not be considered eligible to apply for funding as a CHDO.
- (b) To apply for certification or recertification, an applicant shall submit, at a minimum, the following documentation to the Department:
- (1) a copy of the Internal Revenue Service exemption letter and a letter of good standing from the California Franchise Tax Board that is dated no more than 12 months prior to the date the applicant applies for certification;
  - (2) a copy of the corporation's financial statement that is dated no more than 12 months prior to the date the applicant applies for certification;
  - (3) a copy of the corporation's bylaws, which describe, at a minimum, the following:
    - (A) the governing board composition,
    - (B) the fulfillment and maintenance of the 1/3 representation requirement contained in 24 CFR Section 92.2,
    - (C) a description of the manner in which board members are selected;
    - (D) evidence that the purposes of the organization comply with 24 CFR Section 92.2, and
    - (E) relationships to for-profit individuals or entities, if any, as they relate to the governance of the corporation.

- (4) a copy of the corporation's articles of incorporation and any amendments;
- (5) a Certificate of Status, Domestic Corporation, from the California Secretary of State that is dated no more than 12 months prior to the date of application for certification;
- (6) a description of the formal process used to solicit advice from low-income program beneficiaries in decisions regarding design, citing, development, and management of affordable housing;
- (7) a plan describing the program of tenant participation in management decisions for rental projects and the proposed fair lease and grievance procedure pursuant to 24 CFR Section 92.303;
- (8) a description of the applicant's capacity for carrying out activities with HOME funds or a plan to gain such capacity, including but not limited to:
  - (A) a list of current staff members responsible for any proposed HOME activity and resumes;
  - (B) if staff does not have such capacity, a commitment to hire experienced staff or a commitment to hire an experienced consultant and a plan to train staff;
- (9) a description of the applicant's history of serving the community within which housing to be assisted with HOME funds is to be located or if the applicant has been in existence less than one year, a description of the applicant's parent organization and its history of serving the community;
- (10) a list of the names of board members, their occupations, the names of their employers and any appointment or election to a public body, and an indication of which members fulfill the requirements of the 1/3 representation contained in 24 CFR Section 92.2;
- (11) a copy of the corporation's business or strategic plan adopted by the Board;
  - (A) shall be submitted if any of the following applies to the organization:
    - (i) this is the first certification request with the State HOME Program,
    - (ii) there has been five years or more since the last certification has expired
    - (iii) it has been incorporated less than 10 years,
  - (B) the Business plan shall cover at a minimum:
    - (i) Business Description including, background, purpose and who, what, where, when and how the organizations plans to operate;
    - (ii) Market Evaluation and Strategy including customers, geographical area, competition, and environment in which the organization plans to operate;

- (iii) Organizational Plan covering the corporations structure, status, staffing plan, policies and procedures for delivery of program, management controls, physical space and equipment needs;
  - (iv) Financial Plan detailing projected capital budgets for equipment, construction, development projects or for loan funds; start-up and cash flow; and
  - (v) Risk Analysis of potential financial, political, regulatory, unknown and crucial threats.
- (12) the geographical areas served by the corporation, and evidencing compliance with Section 8204(a)(2)(B) in either the Articles of Incorporation, Resolution or Charter, or Bylaws;
  - (13) a geographic area map served by the applicant; evidencing compliance with Section 8204(a)(2)(B); and
  - (14) a self-certification that the applicant is not on the Federal List of Excluded, Debarred, or Suspended Contractors with supporting documentation.
- (c) Upon receipt of all the documents listed in subsection (b), the Department shall conduct an analysis of the documents to determine if the applicant meets the definition of a CHDO as set forth in 92 CFR Section 92.2. If the Department determines that the applicant meets the definition of a CHDO, and meets the other requirements of this Section, the Department shall issue a letter of certification to the applicant, which shall be submitted as part of any CHDO application considered for funding.
  - (d) In order to demonstrate its capacity for carrying out activities assisted with HOME funds, as required by 24 CFR Section 92.2, an applicant shall meet the requirements of paragraph (1) and either paragraph (2) or (3) below.
    - (1) The applicant shall have resolved any audit findings, for prior Department, or federally funded housing or community development projects or programs to the satisfaction of the Department or federal agency by which the finding was made.
    - (2) The applicant has staff that possesses the core competencies listed herein, and has a staffing plan specifying the number of full-time staff persons and percentages of these persons' working hours which are allotted to housing projects. The required core housing development competencies are the knowledge, skills and ability to:
      - (A) Conduct market/needs analyses and conceptual project design;
      - (B) Choose and negotiate purchase of a suitable site;
      - (C) Select and work with architects and other consultants;
      - (D) Understand and comply with local planning, zoning and building requirements;

- (E) Create a development pro forma and operating budget;
- (F) Set rents or sales prices;
- (G) Identify financing sources and apply for financing;
- (H) Comply with other lender requirements;
- (I) Deal with community concerns;
- (J) Comply with CEQA and NEPA requirements;
- (K) Choose and work with construction contractors;
- (L) Manage the construction process;
- (M) Choose and work with a management agent;
- (N) Successfully market a project; and
- (O) Comply with HOME program requirements, construction close-out and long-term obligations.

(3) The applicant has an executed contract with a consultant experienced in housing development to train the applicant's staff in the core housing development competencies listed in paragraph (2) above within two years of its CHDO certification. The contract shall include a training timetable requiring the training to commence not later than six months of the date of certification or recertification and requiring the training to be completed not later than two years from the date of certification or recertification, and which shall identify the names and titles of persons being trained and the specific core competencies in which they are being trained.

(4) A CHDO certified pursuant to paragraph (3) above shall be required to submit a status report on the progress of such training on the first and second anniversaries of its certification.

(5) A CHDO shall only be permitted to achieve certification once pursuant to paragraph (3) above. Thereafter, all applications for recertification shall be subject to the requirements of paragraph (2).

(e) In order to demonstrate that the applicant, or its parent, has a history of serving the community within which housing to be assisted with HOME funds is to be located, as required by 24 CFR Section 92.2, an applicant, or its parent, shall have provided a housing-related service to the community for at least one year prior to application for certification. A housing-related service is one which has provided a benefit to a tenant or homeowner in the community. Solely engaging in predevelopment activities for a housing project shall not satisfy the demonstration required by this subsection.

- (f) A nonprofit corporation created, formed, or under the control of another State certified CHDO and that proposes to serve the same community as the existing CHDO shall not be eligible to apply for CHDO certification. In addition, a non-CHDO, non-profit parent organization may not have more than one subsidiary or affiliate that is certified as a CHDO by the State;
- (g) When submitting an Application in response to the Department's NOFA process, a CHDO shall submit a self certification confirming that the organization continues to maintain compliance with all the State requirements for CHDO certification. The Department may require documentation to verify certification compliance.
- (h) A CHDO certification shall remain in effect not more than three years from the date of the letter of certification issued by the Department provided that the CHDO continues to meet all requirements.
- (i) The Department shall monitor all CHDOs throughout the term of the certification to ensure continued compliance as a CHDO. If the Department determines that an organization no longer complies with the requirements of this Section, the Department may declare the organization to be ineligible to apply for State HOME funds, and the Department may revoke the organization's CHDO certification.
- (j) A CHDO that serves a county in which there is no other CHDO, and that has not applied for State HOME funds during any six consecutive years of certification and that has not developed, owned or sponsored housing during that six year period, shall be deemed ineligible for certification for three years from the end of the sixth year of certification. Any other CHDO that has not applied for State HOME funds during a three-year certification period shall be deemed ineligible for certification for three years from the end of the three-year certification period, unless that CHDO has developed, owned or sponsored housing within the past three years.
- (k) In order to be considered for certification or recertification prior to the NOFA deadline, a CHDO applicant shall submit its CHDO application no later than 60 days prior to the NOFA application deadline.

NOTE: Authority cited: Sections 50406 and 50896.3(b), Health and Safety Code. Reference: 24 CFR Sections 92.201(b)(3)(i), 92.300(b) and 92.504(a); and Sections 50896, 50896.1 and 50896.3, Health and Safety Code.

**§ 8205. Use of Funds.**

- (a) Eligible activities for use of HOME funds shall be one or more of the following:
  - (1) first-time homebuyer programs, as defined in Section 8201;
  - (2) owner-occupied rehabilitation programs, as defined in Section 8201;
  - (3) rehabilitation and/or acquisition programs, as defined in Section 8201;
  - (4) tenant-based rental assistance programs, as defined in Section 8201;