



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
101 SOUTH BROAD STREET
PO BOX 051
TRENTON NJ 08625-0806

JON S. CORZINE
GOVERNOR

JOSEPH V. DORIA
COMMISSIONER

June 19, 2008

Dear Nonprofit Sponsor/Developer

The National Affordable Housing Act requires that each participating jurisdiction set-aside at least 15 percent of its HOME allocation for Community Housing Development Organizations (CHDOs).

Community Housing Development Organizations are nonprofit agencies that meet specific criteria outlined in 24 CFR Part 92, Section 92.300 of the HOME Program's Final Rule. The State of New Jersey requires all nonprofit agencies that want to be eligible for State CHDO funds to be certified as a CHDO by the Department of Community Affairs, Division of Housing and Community Resources.

The nonprofit requesting CHDO status must submit the following information to the Department of Community Affairs (DCA): 1) the attached sample resolution (modified where appropriate); 2) a copy of their By-Laws; 3) a copy of their Articles of Incorporation; 4) a copy of their IRS certification ruling; 5) resumes of their key staff; and 6) a financial certification stating that their organization is in compliance with the federal Office of Management and Budget Circular A-110, Standards for Financial Management Systems. DCA's address is:

New Jersey Department of Community Affairs
Division of Housing
PO Box 051/5th Floor
Trenton, New Jersey 08625-0806
Attn: Darlene Stowers

In addition, all nonprofits deemed to be CHDOs must keep a copy of the following information on file for State and federal audit purposes: 1) By-laws; 2) Charter; 3) Articles of Incorporation; 4) IRS certification and ruling; and 5) any other supportive documentation addressed in the executed CHDO resolution.

Nonprofits will be subject to severe penalties if an audit reveals that the required information is false, misleading and/or missing.

Please be advised that approval and certification as a State CHDO is the first step in the process and does not guarantee the award of State HOME CHDO funds. Funds will be allocated based upon project feasibility and availability of CHDO money.

Attached is a sample CHDO resolution and directions to assist you and your board. If you have any questions regarding the CHDO certification process, please contact Darlene Stowers at (609) 292-3846.

Sincerely,

Richard Z. Osworth, Acting Director
Division of Housing

Attachment

SAMPLE COMMUNITY HOUSING DEVELOPMENT ORGANIZATION RESOLUTION

WHEREAS, the Cranston–Gonzalez National Affordable Housing Act of 1990 (Act) authorizes federal funds to expand the supply of decent affordable housing for very low, low and moderate income households; and

WHEREAS, the Act authorizes funding assistance through the HOME Investment Partnerships Act (HOME Program); and

WHEREAS, the State of New Jersey’s HOME Program Descriptions, approved by HUD, reserves a specific allocation of funds for eligible CHDOs, as defined by the federal regulations; and

WHEREAS, 24 CFR Part 92, Subpart G, specifies the requirements for participating jurisdictions to use in determining whether organizations qualify as CHDOs; and

WHEREAS, we the Board of Directors of _____ has reviewed the applicable regulations and do certify to the following:

- 1) We are organized under state or local laws. No part of our net earnings inure to the benefit of any member, founder, contributor or individuals as evidenced in our Charter and/or Articles of Incorporation.
- 2) We are neither controlled by nor under the direction of individuals or entities seeking to derive profit or gain from the organization.
- 3) We have a tax exemption ruling from the Internal Revenue Service as evidence by a 501 (C3) certificate from the IRS.
- 4) Our organization does not include a public entity (including a state, county, city, district, public authority, public agency) or an instrumentality of a public entity.
- 5) We are accountable to low income community residents by specifying in our By-Laws that at least one-third of the governing Board’s membership is made up of any combination of the following:
 - Residents of low income neighborhoods; or
 - Other low income community residents; or
 - Elected representatives of low income neighborhood organizations; and

- 6) We comply with the following requirements regarding Board membership:
 - For organizations which are state or locally Chartered, no more than one-third of the governing body and board members are public officials and/or appointed by public officials as evidenced by the By-Laws and/or;
 - For organizations that are sponsored or created by a for-profit entity, no more than one-third of the governing body and board members are appointed by the for-profit entity as evidenced by the By-Laws.
- 7) Our standards of financial accountability conform to OMB Circular Number A-110 (Rev.) "Standards for Financial Management Systems" as evidenced by a notarized statement by the President or Chief Financial Officer of the organization, a certification from a Certified Public accountant, or a HUD approved audit summary.
- 8) One of our purposes is to provide decent affordable housing for low and moderate-income persons, as evidenced in our By-Laws and Articles of Incorporation.
- 9) We provide a formal process for low income, program beneficiaries to have input into our decisions regarding the design, siting, development and management of affordable housing as evidenced by the By-Laws.
- 10) We have a history (at least one year) of serving the community where HOME funds will be utilized and have written evidence in our files.
- 11) We have a demonstrated capacity for carrying out housing activities with HOME funds. Resumes and/or statements that describe the experience of key staff members who have successfully completed housing projects evidence our capacity.

NOW, THEREFORE, BE IT RESOLVED by this Board of Directors that we have completely read and understood the above standards and requirements and do hereby certify that we have satisfied all of the applicable federal requirements mentioned above for qualification as a Community Housing Development Organization (CHDO).

BE IT FURTHER RESOLVED that the Board acknowledges that any false statements made with the intent to deliberately mislead shall result in the loss of CHDO status and the immediate repayment of any HOME Program funds received.

All documents regarding our qualifications as a CHDO will be kept in a file marked "CHDO Certification and Verification" and will be available for inspection at _____

WE certify that this a true and accurate copy of a resolution adopted by the
Board of Directors of _____
at its regular meeting held on _____

Board President

Date

Board Secretary

Date