

## 2013 Community Housing Development Organization (CHDO) Certification Information

### What is a CHDO?

A CHDO (pronounced “Choe’-doe”) is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Locally certified CHDOs receive a formal designation from Dayton indicating that they meet certain HOME Program requirements and therefore are eligible to apply for HOME funding.

The HOME Program definition of a CHDO is found at [24 CFR Part 92.2](#). A copy of the HOME regulation (24 CFR Part 92) can be found at the U.S. Department of Housing and Urban Development website at [www.hud.gov](http://www.hud.gov). Information about State CHDO Certification may be found on the Ohio Housing Finance Agency website at [www.ohiohome.org](http://www.ohiohome.org).

### Why become a designated CHDO?

Federal HOME Funds are available through Dayton 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 only for CHDOs. CHDO set-aside funds may provide equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs and provide guaranteed resources for affordable housing development.

### Where to apply for CHDO designation?

In order to be a locally certified CHDO, the applicant must delineate the geographic area within the corporate limits of Dayton in which they plan to develop a HOME eligible project.

---

### How to apply for CHDO Designation

Obtain a City of Dayton CHDO Application, Checklist, and Certification by one of the following methods:

1. Contact Peter Thornburgh by telephone at (937)333-3797 or (937) 333-3670; or
2. Email an application request to [pete.thornburgh@daytonohio.gov](mailto:pete.thornburgh@daytonohio.gov); or
3. Mail a request to Peter Thornburgh, Community Development Division, 101 W Third Street, Dayton Ohio, 45402

Or, for State CHDO designation information, visit the Ohio Housing Finance Agency CHDO webpage online at <http://www.ohiohome.org/chdo/default.aspx>.

Applications are accepted by the City of Dayton throughout the year for new CHDO applicants. The annual recertification of Dayton CHDOs takes place in 2013 from January through March.

## CHDO QUALIFICATIONS CHECKLIST

The information contained in this checklist refers to the definition of Community Housing Development Organizations (CHDOs) in Subpart A, Section 92.2 of the HOME Investment Partnerships Program Final Rule. The non-profit applicant must meet all criteria and submit all documents referred to herein to be designated as a CHDO and qualify to apply for this funding. The City keeps all application material on file in compliance with Federal regulations.

### I. LEGAL STATUS

- A. The private non-profit organization is organized under State or local laws, as evidenced by:  
\_\_\_\_\_ A charter, OR  
\_\_\_\_\_ Articles of incorporation, AND  
\_\_\_\_\_ Most recent registration with the Ohio Secretary of State
- B. No part of its net earnings inures to the benefit of any member, founder, contributor, or individual, as evidenced by:  
\_\_\_\_\_ A notarized statement by the organization
- C. Has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986, as evidenced by:  
\_\_\_\_\_ A 501(c)(3) or (4) certificate from the IRS, AND  
\_\_\_\_\_ Most recent IRS Form 990.
- D. Has among its purposes the provision of decent housing that is affordable to low- and moderate-income people, as evidenced by a statement in the organizations:  
\_\_\_\_\_ charter,  
\_\_\_\_\_ articles of incorporation,  
\_\_\_\_\_ by-laws, OR  
\_\_\_\_\_ Resolution

### II. CAPACITY

- A. Conforms to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems", as evidenced by:  
\_\_\_\_\_ a notarized statement by the president or chief financial officer of the organization, And  
\_\_\_\_\_ a certification from a Certified Public Accountant
- B. Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:  
\_\_\_\_\_ resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds, OR  
\_\_\_\_\_ contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.
- C. Has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by:  
\_\_\_\_\_ 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 in serving the community.

The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction reserves HOME funds for the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or child care facilities. The statement must be signed by the president or other officials of the organization.

### III. ORGANIZATIONAL STRUCTURE

**A. Low Income Representation.** At least 1/3 of the organization's Board must be representatives of a low-income community served by the CHDO. The CHDO is required to certify the status of low-income representatives. There are three methods to meet the HOME requirement that stipulates 1/3 of the organization's board be representatives of a low-income community served by the CHDO. If a potential board member fits one of the following descriptions, then they count towards fulfilling this requirement:

- \* The board member lives in a low-income neighborhood where 51% or more of the residents are low-income. This board member represented as a resident does not have to be low-income. Neighborhood means a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, planning district, or similar geographical designation that is within the boundary but does not encompass the entire corporate limits of the city of Dayton.
- \* The person is a low-income resident of the community. In order to qualify under this standard, the board member must be a low-income (80% or less of area median family income) resident of a community that the CHDO is certified to serve.
- \* The person was elected by a low-income neighborhood organization to represent the neighborhood on the CHDO board. The neighborhood organization must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block clubs, neighborhood associations, and neighborhood watch groups. The group must be a neighborhood organization and it may not be the CHDO itself. If the board member is qualifying under this criterion, the individual must submit a copy of a signed resolution from the neighborhood organization naming the individual as their representative on the CHDO.

The CHDO meets the requirement that at least 1/3 of the organization's Board must be representatives of a low-income community served by the CHDO, as evidenced by:

- \_\_\_\_\_ By-Laws,
- \_\_\_\_\_ Charter, OR
- \_\_\_\_\_ Articles of Incorporation, AND
- \_\_\_\_\_ A matrix of board members and their representation roles approved by the governing body.

B. Provides a formal process for low-income program beneficiaries to advise the organization in all of its decisions regarding the design, Siting, development, and management of affordable housing. The process must be described in writing and may be documented in the:

- \_\_\_\_\_ Organization's by-laws,
- \_\_\_\_\_ Resolutions, OR
- \_\_\_\_\_ A written statement of operating procedures approved by the governing body.

C. A CHDO may be chartered by a State or local government, but the following restrictions apply:  
(1) The State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body; and  
(2) No more than one-third of the governing board members may be public officials or employees of the State or the City of Dayton; and

(3) The board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; as evidenced by the CHDO's:

- \_\_\_\_\_ By-laws,
- \_\_\_\_\_ Charter, OR
- \_\_\_\_\_ Articles of incorporation

D. If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the CHDO's:

- \_\_\_\_\_ By-laws,
- \_\_\_\_\_ Charter, OR
- \_\_\_\_\_ Articles of Incorporation

#### **IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES**

A. The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by:

- \_\_\_\_\_ The organization's by-laws, OR
- \_\_\_\_\_ A memorandum of understanding (MOU).

B. A Community Housing Development Organization may be sponsored or created by a for-profit entity, however:

(1) The for-profit entity's primary purpose does not include the development or management of housing, as evidenced:

\_\_\_\_\_ In the for-profit organization's By-laws, AND

(2) The CHDO is free to contract for goods and services from vendors of its own choosing, as evidenced in the CHDO's:

- \_\_\_\_\_ By-laws,
- \_\_\_\_\_ Charter, OR
- \_\_\_\_\_ Articles of Incorporation

#### **Requirements for CHDO Certification**

##### **Organizational Status and Mission Requirements:**

The applicant must demonstrate, either in their charter or articles of incorporation, that the organization is organized under state or local law. The Applicant must provide a tax exemption ruling from the Internal Revenue Service as evidenced by a 501(c) (3) or (4) Certificate from the IRS. The organization's primary purpose must be the provision of decent housing that is affordable to low-and moderate income people, as declared by a statement in the organization's charter, articles of incorporation, by-laws, or resolutions.

##### **Other Considerations:**

CHDO applicants are required to submit a certificate of good standing issued by the Ohio Secretary of State and a copy of the most recent annual 990 form required by the IRS

##### **Board Composition:**

There are three specific requirements related to the organization's board, which must be evidenced in the organization's by-laws, charter, or articles of incorporation. These are:

1. **Low Income Representation.** At least 1/3 of the organization's Board must be representatives of a low-income community served by the CHDO. The CHDO is required to certify the status of low-income representatives. There are three methods to meet the HOME requirement that stipulates 1/3 of the organization's board be representatives of a low-income community served by the CHDO. If a potential board member fits one of the following descriptions, then they count towards fulfilling this requirement:
  - \* The board member lives in a low-income neighborhood where 51% or more of the residents are low-income. This board member represented as a resident does not have to be low-income. Neighborhood means a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, planning district, or similar geographical designation that is within the boundary but does not encompass the entire corporate limits of the city of Dayton.
  - \* The person is a low-income resident of the community. In order to qualify under this standard, the board member must be a low-income (80% or less of area median family income) resident of a community that the CHDO is certified to serve.
  - \* The person was elected by a low-income neighborhood organization to represent the neighborhood on the CHDO board. The neighborhood organization must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block clubs, neighborhood associations, and neighborhood watch groups. The group must be a neighborhood organization and it may not be the CHDO itself. If the board member is qualifying under this criterion, the individual must submit a copy of a signed resolution from the neighborhood organization naming the individual as their representative on the CHDO.
2. **Public Sector Representation.** No more than 1/3 of the organization's board may be representatives of the public sector. If a person qualifies as a low-income person and a public official, their role as a public sector representative supersedes their residency or income status. Therefore, the official counts toward the 1/3 public sector limitation.
3. **For-Profit Limitations.** If a CHDO is sponsored by a for-profit entity, the for-profit may not appoint more than 1/3 of the board. The board members appointed by the for-profit may not appoint the remaining 2/3 of the board members.

Other Considerations:

- \* The Board should have at least one representative from each geographic area to be served by the CHDO.
- \* There should be demonstrated stability/continuity of board members over the last several years.
- \* The Board should have a committee structure or other means of overseeing planning and housing development.
- \* The Board members should have professional skills directly relevant to housing development. For example, real estate, legal, architectural, planning, construction, finance and management experience are all professional skills that are relevant to housing development.
- \* The Board should demonstrate the ability to make timely decisions using an appropriate process.

**Sponsorship and independence:**

1. The CHDO is not controlled, nor receives directions from individuals or entities seeking profit from the organization, as evidenced by the organization's Bylaws or a Memorandum of Understanding.
2. If sponsored or created by a for-profit entity, the for-profit entity's primary purpose does not include the development of management of housing, as declared in the for-profit organization's by-laws.
3. If sponsored or created by a for profit entity, the CHDO is free to contract for goods and services from vendors of its own choosing, as evidenced by its By-laws, Charter, or Articles of Incorporation.

4. If sponsored by a religious organization, the CHDO must be a separate secular entity from the religious organization, with membership available to all persons, regardless of religion or membership criteria, as evidenced by its By-laws, Charter, or Articles of Incorporation.

**Other Considerations:**

The CHDO shall submit any identity of interest issues between the organization and the contractors, consultants, and professionals it uses for its CHDO projects that might constitute a conflict of interest.

**Relationship and Service to the Community**

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is controlled by the community it serves. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external interests.

1. The organization demonstrates a history of serving the community within which housing to be assisted with HOME funds is to be located. The CHDO shall provide evidence by either documentation of at least one year of experience in serving the community for new organizations, and/or documentation that its parent organization has at least one year of experience in serving the community.
2. Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described in writing and may be documented in the organization's by-laws, resolutions, or a written statement of operating procedures approved by the governing body.  
Each project undertaken by the CHDO should allow potential program beneficiaries to be involved and provide input on the entire project from pre development, project concept, and site selection to property management. One way to accomplish this requirement is to develop a project advisory committee for each project or neighborhood where a HOME-assisted project will be developed. Proof of input from potential low-income program beneficiaries in all aspects of the project will be required for project funding.
3. The organization must have a clearly defined geographic service area, which can be described and documented as part of the application. CHDOs may serve individual neighborhoods or large aggregated areas.

**Additional Considerations:**

Current plans should be well grounded in an understanding of current housing conditions; housing needs, and need for supportive services. The organization should have an analysis of the local housing market and the housing needs of low-income households. The organization should have a good reputation and a positive relationship with the community that it serves. The CHDO should have a positive relationship with the local government of the community that it serves.

**Financial Management and Capacity**

1. The organization must conform to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems", as evidenced by a notarized statement by the board president or Chief Financial Officer (CFO), or a certification from a Certified Public Accountant.
2. No part of a CHDO's net earnings (profits) may benefit any member, founder, contributor, or individual. This requirement must also be declared in the organization's Charter or Articles of Incorporation.
3. The organization is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit or non-profit entity, but:
  - a. The other (for-profit or non-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.

- b. The other (for-profit or non-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 other (for-profit or non-profit) entity may not appoint the remaining two-thirds of the board members; and
  - c. The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
  - d. The other (for-profit or non-profit) entity may not exercise final control over decisions of the CHDO Board.
4. 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);
  5. Does not include a public body (including the City of Dayton). An organization that is State or locally chartered may qualify as a CHDO; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members.

**Additional Considerations:**

Audit information, if available, will be reviewed. The organization should conduct annual budgeting of its operations and all activities and programs. It should track and report budget versus actual income and expenses. Financial reporting should be regular, current and sufficient for the board to forecast and monitor the financial status of the organization. The organization should know its current cash position and maintain controls over expenditures. The organization should have adequate internal controls to ensure separation of duties and safeguarding of corporate assets. There should be sufficient oversight of all financial activities. The organization should have a conflict of interest policy governing board members, employees, and development activities, particularly in procurement of contract services and the award of housing units for occupancy. The organization should maintain adequate insurance, including liability, fidelity, bond, workers compensation, property hazard and project. The current balance sheet and budget should indicate a sufficient, diversified and stable funding base to support essential operations. If the organization has a portfolio of properties, they should be in stable physical and financial condition. Whether the organization has liquid assets available to cover current expenses shall be considered, as well as the whether the organization has funds available for predevelopment expenses or equity investments required for development.

**Development Capacity**

The organization must have a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by either experience of key staff members that have completed similar projects to HOME-funded activities or by executed contracts with consultants who have relevant housing experience to train key staff.

**Additional Considerations:**

The organization's portfolio of projects and properties should evidence competent management and oversight. The organization should have exhibited competence with any previous CHDO activities. The organization's management should have the capacity and ability to manage additional development activities. There should be written policies and procedures in place to govern development activities. The organization should have procedures for monitoring the progress of a project and the capacity to monitor project-level cash flow and schedules. There should be staff that is assigned responsibilities for housing development and personnel policies and job descriptions should be clear. The strength of staff in the following areas shall be considered: Legal/financial aspects of housing development; management of real estate development; oversight of design & construction management; marketing intake; property management. Staff should be encouraged to obtain training and develop new skills. The organization's membership should be active and in support of the organization's housing activities. To what extent the CHDO has access to and

makes use of qualified consultants shall be considered, as well as how these consultants interact with staff. The organization should have the ability to raise funds for the capital requirements of a project.

### **CHDO REQUIRED EXPERIENCE**

The CHDO demonstrates 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.

### **GENERAL INFORMATION**

#### **CHDO FUNDING**

CHDOs may obtain funding from a PJ in several different ways. CHDOs may:

Serve as owners, developers, and sponsors of projects undertaken with funds from a PJ's required 15 percent set-aside for CHDOs; receive special assistance, such as developing funds, technical assistance or operating funds, from a PJ that is not available to other types of organizations; perform certain services as contractors to PJs; and contract with PJs in the same ways as other nonprofit subrecipients.

#### **1. CHDO SET-ASIDE**

The HOME requirements at 24 CFR Part 92.300 requires PJs to set-aside at least 15 percent of their HOME allocation for projects sponsored, owned, or developed by CHDOs. PJs may allocate more funds for CHDOs, but 15 percent is the minimum amount. CHDOs may also be a subrecipient under a PJ's HOME program; however, the funds committed will not count towards the 15% set-aside requirement.

PJs have 24 months after HUD signs the letter for the PJ's HOME agreement to identify and designate the CHDOs they plan to work with and reserve monies for their use. If the required funds are not reserved for CHDO use within this time period, they will be recaptured and returned to HUD.

Funds may be reserved for CHDOs before specific projects are identified. However, for funds to be reserved, a written agreement must be executed between the CHDO and the PJ. The agreement must detail how the monies will be used. The agreement may be project specific or a more general description of planned activities and meet the HOME requirement for written agreement found at 24 CFR 92.504 (c)(3).

A certified CHDO must serve as the developer, sponsor, or owner of a HOME-eligible project when using funds from the 15 percent CHDO set-aside. A CHDO may serve in one of these roles for several projects or it may undertake projects in which it combines roles, such as being both an owner and developer.

#### **2. CHDO AS 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.

- \* If the CHDO owns the property, it must obtain financing and rehabilitate or construct the project. For HOME-assisted rental housing 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. For HOME-assisted homebuyer projects, the CHDO must transfer title of the property and the HOME obligations to an eligible homebuyer within six months of project completion. Homebuyer properties not transferred to an eligible homebuyer within



six months of completion will be treated as HOME-assisted rental properties until they are transferred to an eligible buyer or until the assistance period has expired; whichever occurs first.

- \* 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 pursuant to a written or other agreement with the PJ, the CHDO is acting in the capacity of a sub-recipient. CHDOs receiving funds as sub-recipients cannot use the funds from the 15 percent set-aside for that particular project or service.

### 3. 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 prior to 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 prior to or during development or upon completion of the development of the project. 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 particular nonprofit organization that will obtain ownership of the property prior to 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. At the expiration of the lease, 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.

### 4. CHDOS AS 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 a certificate of occupancy.

#### **5. CHDO AS AN OWNER**

A CHDO is considered an owner of a property when it holds valid legal title or has a long-term leasehold interest (99-year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships, or other legal entities. While a CHDO may be sole owner and have another entity act as developer, it can also 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.

#### **6. CHDO AS A SUBRECIPIENT**

CHDOs may play the role of a "subrecipient," which undertakes all other HOME-eligible activities. Activities performed as a subrecipient cannot be undertaken with, nor do they count toward, the 15 percent CHDO set-aside. Being a HOME subrecipient is not the same as being a subrecipient in the Community Development Block Grant Program. A HOME subrecipient is an entity selected by the PJ to administer some aspects of a HOME Program (for example, to screen projects, market activities, review and certify tenant income, counsel potential homebuyers, etc.), or an entire HOME activity (i.e., manages a tenant based rental assistance program or reviews 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. For example, if a CHDO is distributing funds for a rental program for a PJ (as a sub-recipient), the CHDO may not grant itself money for rental projects it is developing.