

CHDO ROLES

CHDO Owner: the CHDO owns the rental property in fee simple during the affordability period, but does not directly undertake the development of the property. The CHDO can purchase standard rental housing that it will own and operate. Or, in projects involving rehabilitation or new construction, the CHDO purchases the land or project, and contracts with a developer to carry out those development activities. The CHDO must maintain control of the development process. If it lacks in-house capacity, it may hire or contract with an experienced project manager to oversee the project on its behalf.

CHDO Developer: the CHDO must own and directly develop the property. For rental projects, the CHDO is required to own the housing, act as the developer in sole charge of the development process, and then continue to own the project in fee simple absolute and maintain effective project control during the period of affordability.

CHDO Sponsor: a CHDO owns and develops a rental project on behalf of another nonprofit organization and then transfers ownership of the project to that nonprofit at a pre-determined point in the development process. The CHDO must obtain title to the project before development begins. It must also identify the nonprofit that will eventually own the property before it enters into a written agreement for HOME funds with the participating jurisdiction. The nonprofit to which ownership is transferred cannot be an entity created by a governmental entity. If transfer does not occur for any reason, the CHDO retains responsibility for both the HOME funding and the HOME project.

Additional sponsorship model for rental project partnerships: projects that will be owned by a wholly owned subsidiary of the CHDO or a partnership of which the CHDO or its wholly owned subsidiary is the sole managing member or sole general partner. The CHDO, or its wholly owned subsidiary, must be the sole general partner of a limited partnership or the sole managing member of a limited liability company. When a CHDO set-aside project is owned by a Limited Partnership or Limited Liability Company under this sponsorship model, the partnership agreement does not permit the CHDO or its subsidiary to be removed as sole general partner or sole managing member except for cause – such as mismanagement of the project. If the partnership agreement permits removal of the CHDO or its subsidiary for cause, it must also stipulate that the new sole general partner or managing member can only be another CHDO.