

# Memorandum



CITY OF DALLAS

DATE January 16, 2015

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Community Housing Development Organizations (CHDO) and Operating Assistance Grants (OAG)

On Tuesday January 20, 2015, you will be briefed Community Housing Development Organizations (CHDO) and Operating Assistance Grants (OAG). A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink that reads "Theresa O'Donnell".

Theresa O'Donnell  
Chief Planning Officer

c: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, City Manager  
Rosa A. Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Craig Kinton, City Auditor  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# **COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDO) AND OPERATING ASSISTANCE GRANTS (OAG)**

**A BRIEFING TO THE HOUSING  
COMMITTEE**

**HOUSING/COMMUNITY SERVICES  
DEPARTMENT  
JANUARY 20, 2015**



# PURPOSE

- To provide a follow-up to the November 3, 2014 briefing regarding process changes for certified Community Housing Development Organizations (CHDOs)
- To provide a recommendation for CHDO Operating Assistance Grants

# BACKGROUND

- On November 3, 2014, the Housing/Community Services Department briefed the Housing Committee on HUD's "Final HOME Rule" changes published in the Federal Register on July 24, 2013
- The Department also identified the need for process changes for the City's nonprofit partners to match HUD's rule changes

# IMPACT OF HOME PROGRAM CHANGES SPECIFIC TO CHDOS

- Certification
- Operating Assistance
- Project submissions
- Faster production of housing units
- Greater degree of reporting and compliance

# CHDO CERTIFICATION REQUIREMENTS

- Legal Status- 501 (c) 3
- Organizational structure- one third of Board Members must be low-income
- Capacity and experience- paid staff with at least two years experience in housing development
- Financial Statements- current financial statements and most current audit
- Business Plan- two-year business plan

# CHDO PROCESS CHANGES FOR CERTIFICATION

- On November 17, 2014 the CHDO certification renewal was made available to nonprofits who were certified during the year
- On December 19, 2014 the materials needed to renew certification were due
- Five CHDOs presented their materials for renewal

# CHDO PROCESS CHANGES FOR OPERATING ASSISTANCE

- On November 17, 2014, Operating Assistance Grant applications were made available to CHDOs that were certified during the year
- On December 19, 2014, the applications were due
- The FY 14-15 budget for Operating Assistance Grants is \$175,000
- On January 9, 2015, a review committee made up of four bankers and a representative from Fannie Mae discussed the applications and provided a recommendation for awards



# HUD GUIDANCE

Sec. 92.504(c)(6) - *Community housing development organization receiving assistance for operating expenses.* The agreement must describe the use of HOME funds for operating expenses; e.g., salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; and materials and supplies. If the community housing development organization is not also receiving funds for a housing project to be developed, sponsored, or owned by the community housing development organization, the agreement must provide that the community housing development organization is expected to receive funds for a project within 24 months of the date of receiving the funds for operating expenses, and must specify the terms and conditions upon which this expectation is based and the consequences of failure to receive funding for a project.

# CHDO STATUS

- The following CHDOs requested and have been recertified:
  - Builders of Hope CDC (BOH)
  - CityWide CDC (CWCDC)
  - East Dallas Community Organization (EDCO)
  - South Dallas/Fair Park ICDC (ICDC)
  - Southfair CDC (Southfair)
- The following CHDOs have projects funded through HOME Program CHDO Set-Aside funds
  - BOH
  - ICDC
  - Southfair

# RECOMMENDATIONS

## Option #1

Provide operating assistance awards to all certified CHDOs at \$35,000 per organization with terms and conditions for project submission explicitly noted (in the event of potential repayment to HUD)

## Option #2

- Provide operating assistance awards to BOH, ICDC, and Southfair
- CWCDC and EDCO would have to apply for HOME Program CHDO Set-Aside funds before being awarded operating assistance

# NEXT STEPS

- Staff would notify each CHDO of the award of funds
- Administrative Actions would be used along with scope of service contracts
- CHDOs could begin drawing funds as reimbursements upon execution of contracts
- Staff would follow-up with CHDOs on any required future project submissions