

## CHDO Operating Support Program

### Program Purpose

Defray the operating expenses of Community Housing Development Organizations (CHDOs) that are receiving, or will receive, CHDO set-aside funds from the Minnesota Housing Finance Agency (Minnesota Housing) within 24 months of the award of CHDO operating support.

### Definitions

*CHDOs* - community housing development organizations, which are nonprofit housing developers that Minnesota Housing certifies meet the specific requirements for CHDOs set forth in HOME rules §92.2.

*Operating expenses* - reasonable and necessary costs for the operation of a CHDO and include employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies.

*Operating support funds* - HOME funds that are given to CHDOs to pay part of their operating expenses. The amount that may be awarded to a CHDO is limited to no more than \$50,000 for the CHDO's fiscal year.

*CHDO set-aside funds* - a set-aside of 15% of the annual HOME grant for projects that are owned, sponsored, or developed by CHDOs.

*Currently receiving HOME CHDO set-aside funds* - a CHDO has received set-aside funds and the project is not yet complete and has a substantial balance of HOME funds to be disbursed.

### CHDO Eligibility

An applicant must document that it meets the requirements for CHDO designation, as specified in the HOME rules, and be certified as a CHDO by Minnesota Housing.

The CHDO must serve a multi-county area in Greater Minnesota.

The CHDO's governing body must have adopted clear housing development plans and goals. (Exception: If plans and goals have not been established, operating support funds may be used to develop them.)

The CHDO must demonstrate financial need for the assistance and how it will be used to meet (or develop) its housing development plans and goals.

CHDOs that are not currently receiving CHDO set-aside funds must agree in writing to submit a credible proposal for CHDO set-aside funds within 24 months of receiving operating support. Minnesota Housing will agree to provide set-aside funds to the CHDO's project if it meets the standards of the HOME Rental Capital Fund, or other CHDO set-aside-eligible program that may be established by Minnesota Housing. A CHDO that fails to submit a credible application for set-aside funds will be ineligible to apply for operating support

again until it has received other funding from Minnesota Housing and completed an affordable rental development.

The CHDO must have been a successful recipient of Minnesota Housing funding in the past as a developer or owner.

### **Application and Funding Processes**

Applications will be accepted on a pipeline basis.

Funds will generally be disbursed in their entirety after executing the grant agreement and the CHDO has incurred operating costs up to the amount of the grant. Where operating support will produce a specific product (a housing plan, for example), multiple payments may be appropriate, as determined by Minnesota Housing staff, and a significant final payment held back until the product is complete.

Funding is for one fiscal year.

### **Amount of the Grant**

The maximum grant amount is \$50,000.