

## CHDO Capacity Self-Assessment Tool

This tool combines the regulatory requirements of CHDO qualification with additional questions to help CHDOs determine if they have the capacity to be successful as a developer. It has been provided as a tool to HOME PJs in the [CHDO Toolbox](#).

For each of six topic areas, the CHDO regulatory thresholds are provided. If the organization does not meet these thresholds, then it may not be certified as a CHDO regardless of its overall capacity to develop. For this reason, the deficiency column is blacked out for those certification thresholds.

However, if the regulatory thresholds are met, then the organization's success as a CHDO developer may be influenced by the additional questions that indicate capacity to successfully manage housing development activities. If deficiencies are noted, the organization should work on these areas or request TA from the PJ before seeking CHDO project funds.

	Topic/Question	Adequate	Deficiency
<b>1</b>	<b>Organizational Status &amp; Mission</b>		
	<b><i>Regulatory Thresholds:</i></b>		
	The nonprofit is organized under State or local laws, as evidenced by: _____ A Charter, OR _____ Articles of Incorporation.		[Blacked out]
	It has a tax exemption ruling from the Internal Revenue Service as evidenced by: _____ A 501(c)(3) or (4) Certificate from the IRS or _____ A group exemption letter under Section 905 from the IRS that includes the CHDO.		[Blacked out]
	It has among its purposes the provision of low- and moderate-income housing, as evidenced by: _____ Charter, _____ Articles of Incorporation, _____ By-laws, OR _____ Resolutions.		[Blacked out]
	<b><i>Additional Questions:</i></b>		
	<u>Certificate of Good Standing</u> : Can it deliver a certificate of good standing or other documents from the State?		
	<u>Service Area</u> : Does it have a documented service area consistent with its CHDO activities?		

	Topic/Question	Adequate	Deficiency
	<u>Strategic plan</u> : Has it produced a strategic plan that specifies an action plan for housing development?		
	<u>Organizational structure</u> : Does the organization have a development subsidiary or other structural method of ensuring that it can undertake development without diverting time and resources from other activities?		
	<u>Shared commitment</u> : Do board and staff exhibit shared commitment to its housing development mission?		
	<u>Capital advance set-aside</u> : Has the organization set aside funds for meeting the equity and/or capital advance needs of development?		
	Other organization issues:		
2	<b>Board Composition</b>		
	<b><i>Regulatory Thresholds:</i></b>		
	At least 1/3 of board membership is for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations, as evidenced by: ____ By-Laws, ____ Charter, OR ____ Articles of Incorporation		[Hatched Area]
	No more than one-third of the governing board members may be public officials (including any employees of the PJ) or appointed by public officials, and government-appointed board members may not, in turn, appoint any of the remaining the board members, as evidenced by: ____ By-laws, ____ Charter, OR ____ Articles of Incorporation.		[Hatched Area]
	If the CHDO is sponsored/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.		[Hatched Area]

	Topic/Question	Adequate	Deficiency
	<b>Additional Questions:</b>		
	<u>Board stability</u> : Has there been stability/continuity of board members over the last several years?		
	<u>Development oversight</u> : Does the board have a committee structure or other means of overseeing planning and development?		
	<u>Board skills</u> : Do board members have professional skills directly relevant to housing development (e.g., real estate, legal, architecture, finance, management)?		
	<u>Decision-making</u> : Has the board demonstrated the ability to make timely decisions?		
	<u>Board-staff relations</u> : Is there a good relationship between board and staff? Do they have shared goals?		
	Other board issues:		
<b>3</b>	<b>Sponsorship/Independence</b>		
	<b>Regulatory Thresholds:</b>		
	The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by: <input type="checkbox"/> The organization's By-laws, OR <input type="checkbox"/> A Memorandum of Understanding (MOU).		/
	If sponsored or created by a for-profit entity, the for-profit entity's primary purpose does not include the development or management of housing, as evidenced: <input type="checkbox"/> In the for-profit organization's By-laws		/
	If sponsored or created by a for-profit entity, the CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced by: <input type="checkbox"/> By-laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation		/
	If sponsored by a religious organization, the CHDO is a separate secular entity from the religious organization, with membership available to all persons, regardless of religion or membership criteria, as evidenced by: <input type="checkbox"/> By-laws, <input type="checkbox"/> Charter, OR <input type="checkbox"/> Articles of Incorporation		/

	Topic/Question	Adequate	Deficiency
	<b>Additional Questions:</b>		
	<u>Identity of Interest:</u> Are there 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?		
	Other independence issues:		
<b>4</b>	<b>Relationship/Service to the Community</b>		
	<b>Regulatory Thresholds:</b>		
	The organization has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by: <input type="checkbox"/> Documentation of at least one year of experience in serving the community, OR <input type="checkbox"/> For new organizations, documentation that its parent organization has at least one year of experience in serving the community.		/
	It provides a formal process for low-income, program beneficiaries to advise the organization in decisions regarding design, siting, development, & management of affordable housing projects, as evidenced by: <input type="checkbox"/> The organization's By-laws, <input type="checkbox"/> Resolutions, OR <input type="checkbox"/> A written statement of operating procedures approved by the governing body.		/
	<b>Additional Questions:</b>		
	<u>Needs:</u> Are current plans well grounded in an understanding of current housing conditions, housing needs, and need for supportive services? Has it done any analyses of the local housing market and the housing needs of low-income households?		
	<u>Community relations:</u> How strong are the current reputation of the corporation and the relationship with the community?		
	<u>NIMBY:</u> To what extent does NIMBY opposition exist to low income housing in the service area? To what extent do channels exist for the CHDO to negotiate with the community and potential opponents?		
	<u>Local government relations:</u> How strong is the CHDO's relationship with the local government? How strongly does local government support its housing activities?		

	Topic/Question	Adequate	Deficiency
	Other community issues:		
5	<b>Financial Management &amp; Capacity</b>  <b><i>Regulatory Threshold:</i></b>  The organization 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 CFO; ____ A certification from a CPA, OR ____ A HUD approved audit summary.  <b><i>Additional Financial Management Questions:</i></b>  <u>Audit:</u> Does the CHDO have an annual audit? Is the most recent audit current?  <u>Audit findings:</u> Were there management or compliance findings in the last two years? Are finding resolved?  <u>Budgeting:</u> Does the organization undertake annual budgeting of its operations and all activities or programs? Does it track and report budget v. actual income and expenses?  <u>Reporting:</u> Is financial reporting regular, current and sufficient for the board to forecast and monitor the financial status of the corporation?  <u>Cash flow management:</u> Does it know its current cash position and maintain controls over expenditures? How regularly does it experience cash flow problems?  <u>Internal controls:</u> Does it have adequate internal controls to ensure separation of duties & safeguarding of corporate assets? Is there sufficient oversight of all financial activities?  <u>Procurement/conflict of interest:</u> Does the organization have a conflict of interest policy governing employees and development activities, particularly in procurement of contract services and the award of housing units for occupancy?  <u>Insurance:</u> Does it maintain adequate insurance -- liability, fidelity bond, workers comp, property hazard, & project?		

	Topic/Question	Adequate	Deficiency
	<u>Financial stability:</u> Does the current balance sheet and budget indicate sufficient funds to supports essential operations? To what extent does the organization have a diversified and stable funding base for operations? What portion of revenues is predictable year-to-year? Does the CHDO have an established fundraising program for both capital & operational needs?		
	<u>Portfolio financial condition:</u> If it has a portfolio of properties, are the properties in stable physical and financial condition or are they a drain on corporate resources? Does it collect adequate management fees from the properties?		
	<u>Liquidity:</u> Does the organization have liquid assets available to cover current expenses? Does it have funds available for pre-development expenses or equity investments required for development?		
	Other financial issues:		
6	<b>Development Capacity</b>		
	<b><i>Regulatory Threshold:</i></b>		
	It has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by: _____ Experience of key staff who have completed similar projects to HOME-funded activities, OR _____ Contract(s) with consultants who have relevant housing experience, to train key staff		
	<b><i>Additional Capacity Questions:</i></b>		
	<u>Structure:</u> Can the current corporation structure support housing development activities, or is there a need for a subsidiary or other organizational structure for future development? Are there operations or activities that need to be organizationally separate from housing development activities and portfolios?		
	<u>Portfolio:</u> Does the organization’s portfolio of projects/properties evidence competent management and oversight? Do the properties appear to have adequate funding?		
	<u>Previous Performance:</u> Has it done the CHDO activities previously? Did it perform competently (on schedule and within budget)?		

Topic/Question	Adequate	Deficiency
<u>Management capacity:</u> Does the current management have the ability to manage additional development activities? Does the organization have the capabilities to analyze alternative housing projects?		
<u>Procedures:</u> Are the corporate lines of authority for development activities clear? Are policies & procedures in place governing development activities?		
<u>Project management:</u> Does the organization have procedures for monitoring the progress of a project? Does it have the capacity to monitor project-level cash flow and schedule?		
<u>Personnel:</u> Does it have staff that are assigned responsibilities for housing development? Are personnel policies and job descriptions clear?		
<u>Staff skills:</u> How strong are staff in the following areas: <ul style="list-style-type: none"> <li>▪ Market analysis</li> <li>▪ Legal/financial aspects of housing development</li> <li>▪ Management of real estate development</li> <li>▪ Oversight of design &amp; construction management</li> <li>▪ Marketing, intake</li> <li>▪ Property management (if applicable)</li> </ul>		
<u>Training:</u> Are staff encouraged to obtain training and develop new skills? What is their potential for learning skills that they currently do not have?		
<u>Membership involvement:</u> Is the organization's membership active and in support of the housing activities?		
<u>Use of consultants/partners:</u> To what extent does the CHDO have access to and make use of qualified development consultants and partners? How well do consultants and partners interact with staff? Are the consultants/partners focused on training CHDO staff and building capacity?		
<u>Access to funding:</u> Does the organization have funds available for equity or capital advances in housing development projects? Does the organization have the ability to raise funds for the capital requirements of a project? How strong are relationships with funders of housing? With lenders?		

	<b>Topic/Question</b>	<b>Adequate</b>	<b>Deficiency</b>
	<u>Opportunity costs</u> : If the organization pursues housing development, what other activities are likely to suffer or not be able to be pursued due to the effort required for development activities?		
	Other capacity issues:		
<b>7</b>	<b>Conclusions</b>	<b>Yes</b>	<b>No</b>
	Has the organization met all CHDO regulatory thresholds? If not, these must be corrected prior to CHDO certification.		
	Have capacity deficiencies been identified that may need to be addressed prior to the award of CHDO funds or as a condition of the commitment? If not, proceed to a request for CHDO certification and funding.		
	Can the capacity deficiencies be addressed by TA from the PJ or from a qualified CDTA CHDO intermediary? If so, request TA.		