

11. CDC BOARD COMPOSITION UPDATE AND DISCUSSION




RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

BANK OF AMERICA FINANCIAL CENTRE
2001 BROADWAY SUITE 300
RIVIERA BEACH FLORIDA 33404
PHONE: 561-844-3408
FAX: 561-881-8043
WEBSITE: www.rbcr.org

MEMORANDUM

TO: Honorable Chair and Members, CRA Board of Commissioners
City of Riviera Beach, Florida

FROM:  Tony T. Brown, Executive Director, Riviera Beach CRA

DATE: December 6, 2011

CC: Ruth Jones, City Manager
Pamala Ryan, City Attorney
Michael Haygood, Interim CRA Attorney

SUBJECT: Riviera Beach CDC – Board Composition Discussion

We continue to assess the most effective manner to create an initial board for the Riviera Beach CDC and to then ensure that it qualifies as a “Community Housing Development Organization” (CHDO) under HUD. The purpose of this memo is to give you background information on the importance of having the CDC certified as a CHDO. With this background information, we then offer our recommendation for the Board’s composition for your discussion at our upcoming Board meeting.

Why is a CHDO important?

Among the purposes of the Cranston-Gonzalez National Affordable Housing Act of 1990 (NAHA), as amended, are: (1) to promote partnerships between States, units of general local government and nonprofit organizations, and (2) to expand nonprofit organizations' capacity to develop and manage decent and affordable housing. To assist in achieving these purposes, participating jurisdictions (PJs), or in our case Palm Beach County, under the HOME Investment Partnership (HOME) Program must reserve not less than 15 percent of their HOME allocations for investment in housing to be developed, sponsored, or owned by Community Housing Development Organizations (CHDOs). Each participating jurisdiction must identify CHDOs that are capable, or can reasonably be expected to become capable, of carrying out elements of the jurisdiction's approved housing strategy. A CHDO is a specific type of nonprofit

organization as defined in Sect. 92.2 of the HOME final rule, 24 CFR part 92, published in the Federal Register on September 16, 1996.

Although many nonprofit organizations share common characteristics with CHDOs, not all nonprofits qualify as CHDOs under the HOME program. Only nonprofit organizations that have been certified by HOME participating jurisdictions as CHDOs can receive funds from the minimum 15 percent set-aside. CHDOs play an important role in developing affordable housing. The structure of a CHDO has strict guidelines:

ORGANIZATIONAL STRUCTURE

A. Maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organization's By-Laws, Charter, or Articles of Incorporation.

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 projects, as evidenced by 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 appoint more than one-third of the membership of the organization's governing body; (2) the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members are public officials (including any employees of the PJ). The balance of the appointments is unrestricted, and may include people such as human and social service providers, lenders, individuals with access to philanthropic resources, or others willing to contribute their professional expertise.

To ensure the County's certification of our CHDO, we propose the following Board composition based on the HUD regs:

First, to give each CRA Commissioner an appointment, the Board must be a minimum of 19 persons if the Executive Director of the CRA is to serve on the Board. Next, I recommend that each of you name a community based organization (CBO) by empowering the organization to name a representative to the Board. The CBOs in the aggregate would appoint a total of 13 members. The CBOs' appointments must meet specific HUD guidelines. They can be local churches, service or community organizations. They must provide a statement that documents that their parent organizations have at least one year of experience in serving the community.

We have examined the make-up of your low income community population by census tract (see Exhibit A) and therefore recommend that the Commissioners serving the following districts apportion a CBO recommendation as follows:

Council District	Census Tract #	% MFI	CBO Empowerment Appointments ¹
1	<ul style="list-style-type: none"> • 1003 • 1004 • 1200 • 1301 • 1302 	<ul style="list-style-type: none"> • 181.3% • 67.9% • 67.2% • 41.2% • 54.2% 	<u>4 CBOs</u> (Brooks)
2	<ul style="list-style-type: none"> • 1200 • 1500 	<ul style="list-style-type: none"> • 67.2% • 62.4% 	<u>2 CBOs</u> (Davis)
3	<ul style="list-style-type: none"> • 1002 • 1004 • 1403 • 1404 	<ul style="list-style-type: none"> • 75.5% • 67.9% • 44.6% • 40.5% 	<u>4 CBOs</u> (Thomas)
4	<ul style="list-style-type: none"> • 0502 • 0503 	<ul style="list-style-type: none"> • 176.6% • 119% 	<u>1 CBO</u> (Pardo)
5	Citywide		<u>2 CBOs</u> (Lowe)

For commissioners with more than one CBO empowerment, you may name more than one CBO. Or, you may recommend that one CBO be allowed to appoint more than one representative. For example, in District 1, the Commissioner is assigned 4 CBO empowerment appointments. You can name one CBO organization who in turn may appoint 4 representatives. Or, you can name 4 CBOs where each will be assigned one appointment.

CRA staff opted out of recommending CBOs as we believe you are closer to the community-based organizations in your district who are active and impactful groups. We would be happy to help you contact these organizations for an appointment or manage an active application process.

The Board may offer alternative suggestions for creating a Board that meets the guidelines for being certified as a CHDO. We will be prepared to answer your questions.

TTB/ttb

¹ A low income community (LIC) is set at 80% or less of Median family Income (MFI)..