



Section 4 Grant Eligibility Requirements

HUD Section 4 Program – Eligible Organization Types

Section 4 Capacity Building grant funds are limited to CDCs and CHDOs as defined by the Section 4 program.

A **CDC** is a nonprofit organization that undertakes eligible Section 4 Capacity Building Program activities and that meets these qualifications:

- Is organized under federal, state or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation;
- Is governed by a board of directors composed of community residents, business, and civic leaders -- this includes faith-based community development corporations;
- Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low income;
- Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization;
- Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1);
- Has standards of financial accountability that conform to 24 CFR (Code of Federal Regulation) 84.21, Standards for Financial Management Systems;
- Is not an agency or instrumentality of a state or local government;
- For urban areas, “community” may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county or multi-county area (but not the entire state).

A CDC that does not qualify under the definition above may also be determined to qualify as an eligible entity if:

- It is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)), including those which are profit making; or
- It is a Small Business Administration (SBA) approved Section 501 State Development Company or Section 502 Local Development Company, or a SBA Certified Section 503 Company under the Small Business Investment Act of 1958, as amended: or
- The recipient demonstrates to the satisfaction of HUD, through the provision of information regarding the organization’s charter and by-laws, that the organization is sufficiently similar in purpose, function, and scope to those entities qualifying under definition above.
- It is a State or locally chartered organization; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization’s governing body and no more than one-third of the board member may be public officials or



employees of the State or local government entity chartering the organization. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members.

Note: Membership organizations are not eligible to apply under this funding opportunity. Enterprise defines membership organizations as, “an organization where each member is an entity, not an individual, that has membership rights in accordance with the provisions of its articles of incorporation or bylaws.” Typically, membership organizations have a roster, incentives, and process for membership.

Membership organizations whose primary missions are to engage and strengthen member organizations without also having a primary purpose to carry out community or economic development activities themselves are not eligible to apply.

Membership organizations that have reviewed the eligibility criteria under the 2020 RFP and chose to apply will be evaluated on a case by case basis.

A **Community Development Housing Organization (CHDO)** is defined in the HOME Investment Partnerships Program (HOME Program) regulation at 24 CFR 92.2. The HOME Program is authorized by the HOME Investment Partnerships Act at title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12701 et seq.

Additional information about CHDOs and obtaining CHDO status can be found at <https://www.hudexchange.info/home/topics/chdo/>

Other eligible organizations, determined by Enterprise, may include organizations serving Native American Populations with a defined mission that includes affordable housing such as Tribes, Tribally Designated Housing Entities (TDHEs) or Tribal Housing Authorities (THAs).

Questions re: your organization’s eligibility status?

Please email us at

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