Section 4 Grant Eligibility Requirements
HUD Section 4 Program – Eligible Organization Types

These Section 4 Capacity Building grant funds are limited to community development corporations (CDCs), certified community housing development organizations (CHDOs) and organizations serving Native American populations with a defined mission that includes affordable housing.

A CDC is defined as:
A nonprofit organization that has the following characteristics:
- 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;
- It 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 Section (a);
- 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.

CHDO designation is granted by participating jurisdictions (PJs) in relation to the HOME Program requirements and not by Enterprise. Additional information about CHDOs and obtaining CHDO status can be found here.

Organizations serving Native American populations with a defined mission that includes affordable housing must be one of the following:

- 501 (c) 3 Nonprofit Tribal Organizations
- Tribally Designated Housing Entities (TDHE)
- Tribal Housing Authority
- Federally recognized Tribes

Additional information about HUD Tribal Housing can be found here.

Questions re: your organization's eligibility status?
Please email us at Grants@enterprisecommunity.org