Section 4 tutorial: Grant Eligibility Requirements

Presented by Diane Westcott
April 26, 2017
HUD **Section 4** Capacity Building grant funds are awarded annually through a competitive, nationwide selection process. Open funding rounds are announced on our website grants page along with all posted materials/links to apply. [www.enterprisecommunity.org/grants](http://www.enterprisecommunity.org/grants)

- **Two-step application**
  1. Letter of Interest (LOI) round
  2. Request for Proposals (RFP) round

- Must address the needs of families and individuals with low income (80% AMI or lower)

- Propose activities that will build your organization’s capacity to carry out community development and affordable housing activities that benefit the groups above
We will cover:

- Who can apply? What types of organizations?
- Eligibility Requirements – LOI application round
- Eligibility Requirements – RFP application round (invitation-only)

* This tutorial addresses our Section 4 program only, not other programs for which Enterprise awards funds.
Section 4 funds are awarded only to these eligible organizations*:

- Community Development Corporations (CDCs)
- Certified Community Housing Development Organizations (CHDOs)
- Nonprofit organizations serving Native American Populations with a mission that includes affordable housing.

* Info sheet available on our website
Is Your Organization a CDC?

A CDC has the following 8 characteristics:

- 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);

- 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 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).
NOT SURE?

In some cases, your organization may be a CDC but not qualify under the previous definition. However, we may determine that your organization can qualify as an eligible CDC if:

- Your organization 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

- You are 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

- You demonstrate to the satisfaction of HUD, through the provision of information regarding the organization’s charter and by-laws, that your organization is sufficiently similar in purpose, function and scope to those entities qualifying under the formal definition.

- You are 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 your 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 your organization. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members.
A CHDO is a private nonprofit, community-based organization with these characteristics:

- Staff capacity to develop affordable housing for the community they serve,
- CHDO designation is granted by participating jurisdictions (PJs) in relation to the HOME Program requirements, and not by Enterprise,
- Active CHDO certification is mandatory in order for Enterprise to award funding

Additional information about CHDOs and obtaining CHDO status can be found at https://www.hudexchange.info/home/topics/chdo/
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 (THAs)
- Federally-recognized Tribes

Additional information about HUD Tribal Housing can be found at https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/ih/codetalk/tribalhousing
In addition…..

- Demonstrated Staff Capacity:
  - Either 1) full-time, 2) part-time and/or 3) contract employees
  - Experience relevant to the proposed project or program
  - Responsible for the daily organizational duties for the project and beyond

**NOTE:** Your organization **may not rely solely** on volunteers, donated staff, board members or consultants to meet this requirement unless you use a fiscal agent or fiscal sponsor.
What are Fiscal Agents and Fiscal Sponsors?*

If you don’t have the necessary demonstrated staff capacity, you can partner with an organization to serve as your fiscal agent or sponsor. However, you must have an established relationship with the partnering organization prior to receiving a grant award.

- **Fiscal Sponsor**
  - Sponsor = Responsible for grant award on your behalf
  - Assumes control of the award, manages funds and fulfills all reporting requirements
  - Funds flows through the Sponsor to your organization

- **Fiscal Agent**
  - Agent = Contractor with your organization (you receive funds directly)
  - Provides practical assistance such as administrative or financial management advice and support
  - Your organization is the grantee and is ultimately responsible for control of the award, oversight of funding and fulfilling all the reporting requirements.

* Info sheet available on our website
Eligibility Requirements – RFP Application Round

**NOTE: Invitation-only stage**

- A DUNS number issued by Dun & Bradstreet *
- Confirmation of an *active* account in the System for Award Management ([www.SAM.gov](http://www.SAM.gov)) *
- Questionnaire for Sub-recipients of Federal Funding (aka risk assessment)

And finally…..

If awarded a grant, your organization must resolve any delinquent federal debt prior to receiving a grant agreement. Status can be found in your SAM record.

* Info sheet available on our website
THANK YOU!

Visit the Enterprise Resource Center (ERC)

*Download these Tutorial slides (pdf file)*

*Other helpful information sheets (*) available under Associated Resources*

Stay tuned for more Section 4 Tutorials!

Visit us at [www.enterprisecommunity.org/grants](http://www.enterprisecommunity.org/grants)

Questions?
Refer to our Frequently Asked Questions (FAQs) on our webpage.
If you need further help, email our team at [Grants@enterprisecommunity.org](mailto:Grants@enterprisecommunity.org)