

## **MSHDA CDBG Community-Based Development Organization (CBDO) Requirements**

Under Section 105(a)(15) of the Housing and Community Development Act (HCDA), as amended in 1992, States may fund nonprofit organizations serving the development needs of communities in non-entitlement areas to carry out eligible activities authorized under 24 CFR § 570.204 (“CBDO activities”). Unlike entitlement communities, States are not limited to the CBDO definition and governance requirements in 24 CFR § 570.204(c).

For the State CDBG Program, MSHDA recognizes a broad category of eligible 501c3 nonprofit community-based development organizations (“CBDO-eligible nonprofits”) that may carry out neighborhood revitalization activities on behalf of one or more Units of General Local Government (UGLGs).

Per 24 CFR § 570.480(g), MSHDA may award CDBG funds only to UGLGs. A CBDO-eligible nonprofit may participate as a special subrecipient or developer under a UGLG’s application but cannot apply directly to the State.

### **Eligibility Requirements for CBDO-Eligible Nonprofits**

To participate as a CBDO under the MSHDA CDBG Program, a nonprofit must meet the following requirements:

1. **Organizational Purpose:** The organization must be a nonprofit entity organized under state or local law. Its mission must include community development, housing, neighborhood revitalization, or related activities that address the needs of low- and moderate-income residents.
2. **Service Area Flexibility:** The organization may serve a neighborhood, a single jurisdiction, a multi-jurisdictional area or a region. Its service area must include the geographic area where the proposed activities will be carried out under the UGLG’s application.
3. **Capacity and Independence:** The organization must demonstrate the capacity to carry out the proposed activities, including financial management, program delivery, and compliance oversight. The organization must be independent in its operations and free to procure goods and services without control by a UGLG.
4. **UGLG Partnership:** The UGLG must identify the nonprofit as a partner in its letter of intent and subsequent application and certify that the proposed activities align with its formally adopted neighborhood revitalization plan. The nonprofit will operate as a special subrecipient or developer under the UGLG. The UGLG remains the grantee of MSHDA and retains full responsibility for oversight, compliance, and performance of all activities carried out by the nonprofit.

### **Geographic Area & Scope Requirements for CBDO Activities [24 CFR 570.204(a)]**

1. **Geographic Area of Operation:** The Geographic Area of Operation is the specific target area where the nonprofit will carry out CBDO-eligible activities under the UGLG’s application. This area must meet all of the following criteria:
  - a. Be smaller than the UGLG’s jurisdiction, unless the jurisdiction has a population under 25,000.
  - b. Be clearly designated in local plans, ordinances, or other official documents.

- c. Be covered by an adopted neighborhood revitalization plan or broad strategy consistent with 24 CFR § 570.204(a)(1).
2. **Eligible Activities:** CBDO-eligible nonprofits may carry out housing-related activities that meet MSHDA program requirements and support neighborhood revitalization or energy conservation. Eligible housing activities include:
  - a. New construction (*CBDOs only*)
  - b. Homeowner rehabilitation
  - c. Reconstruction
  - d. Rehabilitation of unoccupied rental units
  - e. Manufactured housing
  - f. Housing Infrastructure (*must be publicly owned*)

(See the Activity Specific Quick Finders on the MSHDA CDBG web page for full details.)

3. **Project Requirements:** Activities must be part of a broader plan or strategy that addresses decline or need within the designated geographic area. All activities other than Housing Infrastructure must meet the Low- and Moderate-Income Housing (LMH) national objective. Housing Infrastructure must meet either the Low- and Moderate-Income Area Benefit (LMA) or LMH national objective, depending on the beneficiaries served and subject to MSHDA review and approval. Total administrative costs for the project—including those incurred by both the UGLG and the nonprofit special subrecipient—may not exceed 18% of the total project award.

#### **Required Attachments for CBDO Participation**

MSHDA uses the CBDO Letter of Interest process solely to identify nonprofit organizations that may be interested in partnering with UGLGs on future CDBG projects. No attachments are required at the nonprofit LOI stage.

The required attachments listed below are collected only when a UGLG submits a Letter of Intent to Apply or a full CDBG application that includes a non-profit partner on the CBDO list. At that time, the following documentation must be provided, and MSHDA will assess each nonprofit's viability on a case-by-case basis.

#### **Required Attachments (Nonprofit)**

1. Articles of Incorporation/Charter
2. Current Bylaws
3. IRS Nonprofit Designation Letter
4. Map and Description of Non-profit Service Area
5. Documentation demonstrating organizational capacity

#### **Required Attachments (UGLG)**

1. Adopted Neighborhood Revitalization Plan or Broad Strategy (570.204(a)(1))
2. Map and description of the Geographic Area of Operation
3. Identification of the nonprofit as a special subrecipient or developer