

CBDO Frequently Asked Questions (FAQ) – MSHDA CDBG Program

1. Who is eligible to serve as a CBDO in a MSHDA-funded CDBG project?

Only organizations on MSHDA's CBDO Interested Parties List may partner with a UGLG as a CBDO. The current list includes nonprofits that responded to the January 2026 RFQ. Another RFQ will be issued prior to the anticipated fall 2026 funding round.

2. Does being on the CBDO Interested Parties List mean the nonprofit is already approved?

No. CBDOs are approved only at the time of application, once a UGLG submits a Letter of Intent (LOI) including the nonprofit. MSHDA verifies eligibility on a project-by-project basis.

3. What is the difference between a CBDO's service area and a UGLG's geographic target area?

A CBDO's service area may be local, multi-jurisdictional, or regional, and must simply include the UGLG's target area. The UGLG's Geographic Area of Operation is a smaller, project-specific area tied to its adopted neighborhood revitalization plan.

4. Can CBDOs implement single-family new construction?

Yes, but not on their own. CBDOs may carry out single-family new construction activities under a written agreement with an UGLG. Because this eligibility determination occurred after the start of the current funding round, the LOI materials do not list new construction as an activity option. UGLGs should select 'Reconstruction' and clearly indicate 'New Construction' in the activity description.

5. How does MSHDA handle clarification of activities during LOI review?

MSHDA conducts consultations with UGLGs and CBDOs during LOI review. Funding designations are based on both the LOI and the consultation, allowing opportunity to clarify activity types including new construction.

6. When must nonprofits submit supporting documents?

Documents such as bylaws, articles, IRS letters, service-area maps, and capacity documentation are only required when a UGLG includes the nonprofit in a full application (not at the time of LOI submission).

7. Can a nonprofit serve as a CBDO without being on the Interested Parties List?

No. Only nonprofits on the current CBDO Interested Parties List may serve as CBDOs in MSHDA CDBG projects.

8. Does being on the list guarantee partnership with a UGLG?

No. UGLGs choose CBDO partners based on local parameters including project alignment and capacity.

9. When is a CBDO formally recognized in a project?

A nonprofit becomes an approved CBDO only when MSHDA confirms eligibility during application review after receiving a UGLG's LOI.

10. Are UGLGs required to partner with a CBDO for funding?

No. UGLG-CBDO partnerships are a new and optional feature starting with the Round 4 Letter of Intent launched on February 4, 2026.

11. Do CBDOs need to attend the LOI consultation with MSHDA?

Participation is optional. The UGLG is responsible for coordinating attendance. CBDOs should be prepared to discuss: activity design, readiness, capacity, alignment with the UGLG's revitalization strategy.

12. Are there limits on administrative or delivery costs for CBDO-involved projects?

Yes. Total administrative costs (UGLG + CBDO) cannot exceed 18% of the total CDBG project award. UGLGs determine how administrative funds are allocated.

13. Can a CBDO serve multiple UGLGs?

Yes, as long as the CBDO's documented service area includes the geographic areas where each UGLG's project is located.

14. How does an CBDO demonstrate ‘independence from the UGLG’?

A CBDO-eligible nonprofit must be free to govern itself (board not controlled by UGLG staff/elected officials), make financial decisions independently, and procure goods/services without UGLG control.

15. Does a CBDO need an adopted Neighborhood Revitalization Plan?

No. It is the UGLG that must have the adopted plan or broad strategy that meets 24 CFR 570.204(a)(1). The CBDO’s role is to carry out activities that fit within that UGLG plan.

16. Can CBDOs lead or design the project concept?

A CBDO may help conceptualize and plan a project, but the UGLG must submit the LOI, attend the consultation, and retain responsibility for the final application, oversight and approval throughout grant award, and compliance.

17. What does being listed as a CBDO ‘Interested Party’ mean?

It means the organization has expressed interest in partnering with UGLGs on CDBG-eligible housing activities and shown preliminary alignment with CBDO eligibility standards. It does not constitute certification, approval, or funding. Formal eligibility review occurs during the project selection process.

18. Does CBDO eligibility mean the nonprofit can apply directly for CDBG funds?

No. Only UGLGs may apply directly to MSHDA for CDBG funds. A CBDO-eligible nonprofit may only participate as a special subrecipient or developer under the UGLG’s submission.