



# MORE FUNDING NEEDED FOR HUD SECTION 4 CAPACITY BUILDING

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Please join LISC, Enterprise Community Partners, Habitat for Humanity and many other affordable housing organizations through this Sign On Support letter for \$50 million in FY24

**T**he need for affordable housing in the United States is significant, as there is a large and growing population of low-income households who struggle to afford safe and decent housing. In 2020, the U.S. Census Bureau found that 37.1 million households, or 30.2% of all households, were renter households. Of those, 17.6 million households, or 47.5%, were cost-burdened, meaning they spent more than 30% of their income on housing. In 2021, the National Low Income Housing Coalition found that there is a shortage of 7.2 million affordable and available rental homes for extremely low-income renters, defined as households with incomes at or below 30% of the area median income. The Capacity Building for Affordable Housing and Community Development Program is a federal program administered by the U.S. Department of Housing and Urban Development (HUD) that provides grants to organizations working to increase affordable housing opportunities and improve the capacity of nonprofit organizations that serve low-income communities. The program was originally authorized under Section 4 of the HUD Demonstration Act of 1993 (Pub. L. 103-120, 107 Stat. 1148, 42 U.S.C. 9816 note). The program enhances the capacity and ability of Community Development Corporations (CDCs) and Community Housing Development Organizations (CHDO) to carry out community development and affordable housing activities that benefit low-income persons.

the program is intended to support organizations working in underserved areas and to help them become more sustainable and effective in their work. It also aims to promote collaboration and partnerships between organizations and to encourage innovative approaches to affordable housing and community development. The Section 4 program provides funding to eligible organizations to build their capacity and improve their effectiveness in providing affordable housing and community development services. This includes activities such as organizational development, training and technical assistance, and program design and implementation. Section 4 provides grants on a competitive basis to national intermediary community development organizations, which in turn provide training, education, financial support and development assistance to local CDCs throughout the country. The three organizations specifically eligible for this competition are: Enterprise Community Partners, Inc. (formerly The Enterprise Foundation), the Local Initiatives Support Corporation (LISC), and Habitat for Humanity International.

The program has been effective at increasing the affordable housing supply. As the Local Initiatives Support Corporation points out, “Since 2018, Section 4 has been used to build and preserve more than 40,000 affordable homes for low income households, including seniors, people with disabilities, families with children, veterans, and people experiencing homelessness.” According to the Congressional Research

Service (2022), “Section 4 intermediary grantees have supported more than 5,000 local community development organizations. This assistance included more than 550 trainings; 1,484 sub-grants (totaling \$108.7 million); and seven loans (totaling \$9.1 million). According to HUD’s reporting, Section 4 financial assistance from funds awarded during this period supported the construction of 15,018 new housing units; rehabilitation or reconstruction of 20,649 housing units; and pre-development support for 44,564 units.”

Congress should consider authorizing greater spending on the Section 4 Capacity Building and Affordable Housing Program. By authorizing greater spending on the program, Congress can help build the capacity of more organizations, allowing them to serve more low-income communities and improve the effectiveness of their programs. This would in turn increase the availability of affordable housing, particularly for extremely low-income households and those experiencing homelessness. Affordable housing and community development programs can have a significant impact on the quality of life for individuals and families living in low-income communities. Moreover, Investments in affordable housing and community development can have positive economic benefits beyond the immediate impact on low-income households. These benefits can include increased job creation, improved property values, and increased economic activity in the communities served by the program.