

FACT SHEET

SECTION 4 CAPACITY BUILDING

The Section 4 Capacity Building for Community Development and Affordable Housing (Section 4) program strengthens low-income urban and rural communities across the nation by providing flexible support to local nonprofit organizations to develop affordable housing, finance small businesses, revitalize commercial corridors, and help address local healthcare, childcare, education, and safety needs.

How Section 4 Works

HUD Section 4 is the only federal program that is *exclusively focused* on increasing the effectiveness of local community development organizations.

Through direct financial assistance, training, and guidance, Section 4 provides local organizations with the staffing, program development, and financial resources to maximize the impact of the services they provide and ensure the long-term sustainability of their investments.

- **Successful Track Record.** Since 2014, Section 4 has been used to build and preserve more than 39,000 affordable homes for low-income households, including seniors, people with disabilities, families with children, veterans, and people experiencing homelessness.
- **Effective Delivery Model.** National intermediary organizations help HUD effectively administer Section 4 by identifying local grantees, developing plans for how funds will be used; submitting plans for HUD’s approval, pre-funding grant activities and monitoring how the funds are spent, and reporting outcomes to HUD.

HUD only reimburses intermediaries after they incur costs or meet deliverables in the plans.

- **Cost-Effective.** Every \$1 of Section 4 leverages more than \$20 in additional public and private investments—far more than the 3:1 match required by law. This is because intermediaries are uniquely able to attract significant investments. Since 2014, Section 4 has leveraged close to \$7.7 billion in development costs alone. In fact, Section 4 has been acknowledged by the OMB, GAO, and others as a cost-effective federal program.
- **Funding Levels.** Congress funded Section 4 at \$35 million in FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, and FY 2019.

Section 4 BY THE NUMBERS (2014—2018)

48 States that received Section 4 plus the District of Columbia and Puerto Rico

973 Organizations that received Section 4

\$39,263 Average grant amount

39,504 Homes built or preserved

5,857 Trainings provided

\$20+ Amount leveraged for every \$1 of Section 4

Approx. \$7.7 billion Total development costs

Learn more about Section 4 and its impact in your community.

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