Section 4 is the only federal program that is exclusively focused on increasing the effectiveness of these organizations. Through grants, loans, 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.

With Section 4, organizations develop core skills that strengthen their ability to implement HUD programs, raise capital for community development and affordable housing, coordinate on cross-programmatic, place-based approaches, and facilitate knowledge sharing.

Spotlight on Section 4 Grantee: Lutheran Social Services Housing, Inc.

Lutheran Social Services Housing, Inc. (LSS Housing) is a subsidiary of Lutheran Social Services of North Dakota. LSS Housing focuses specifically on creating affordable housing with services in North Dakota’s rural communities and smaller cities. Its projects range from single-family homes to larger multifamily properties for families and seniors.

LSS Housing recognized that when there is limited housing available, people may be forced to move elsewhere, making community growth difficult. The organization works with congregations, communities and others in the housing industry to identify community needs with the goal of developing sustainable housing projects. LSS Housing partners with state and federal housing agencies, businesses and individuals to bring resources to the community to create and preserve affordable housing. Once projects are completed, LSS Housing provides ongoing property management for its units and offers important services to its tenants and local community members, such as food assistance and in-home companions for seniors.

Local challenge

A 2012 needs assessment by the North Dakota Housing Finance Agency highlighted a significant shortage of affordable housing for households with the lowest incomes in the state. The demand for affordable housing is especially pressing in the western areas of North Dakota, which have seen tremendous housing market changes, including rapidly escalating prices and shrinking supply as a result of the oil boom. In response, LSS Housing is focusing on the acquisition and rehabilitation of USDA Rural Development Section 515 properties and pursuing extensive development activity in western North Dakota.
As LSS Housing continues to expand its development portfolio to meet demand, the management and maintenance of affordable housing across a vast geography grows increasingly more complex. In addition, affordable housing often requires multiple funding sources – both private and public – to complete developments since nonprofit organizations are less able to leverage private resources than their private sector counterparts. Thus, LSS Housing must develop complex financing packages to complete the transfer, rehabilitation and development of properties. This complexity is placing a higher demand on LSS Housing staff to improve efficiency and expand internal capacity.

To meet pressing housing needs in North Dakota’s Oil Patch, LSS Housing renovated Stanley’s former hospital to create new apartments, ranging from studios to three-bedroom units.

**How Section 4 funds were used**

LSS Housing used Section 4 funds to support its expansion into 20 underserved rural communities across the state. Enterprise has provided $73,000 in Section 4 grant funds to underwrite staff training, build internal systems and support predevelopment activities for new housing projects. Specifically, Section 4 funds enabled LSS Housing to:

- Send staff members to key training and certification sessions run by expert national organizations, including the National Center for Housing Management and NeighborWorks America.
- Create reusable financing and property management tools.
- Contract consulting services for predevelopment architectural services, market studies and environmental assessments in rural communities.
- Close the funding gap for Section 515 acquisition and rehabilitation projects.

**How Section 4 funds enhanced capacity of organization**

With completed projects and a healthy pipeline of other development work, LSS Housing has been able to build staff and organizational capacity to help close the affordable housing supply gap in North Dakota. To date, LSS Housing has:

- Completed financing packages to facilitate development, including the transfer and rehab of two USDA Rural Development Section 515 properties in Grafton and Rolla, North Dakota, comprising 135 affordable units.
- Developed Linden Corners Apartments, home to 17 mixed-income units in Stanley, North Dakota.
- Adapted a former Jamestown, North Dakota, hospital for reuse with 20 units of HUD Section 202 senior housing and 31 market-rate apartments for seniors.
- Increased staff expertise around real estate financing, the Low Income Housing Tax Credit, housing management and maintenance, and senior housing.
- Completed a $10 million historic rehab of the former Williston High School, providing 44 units of affordable senior housing in a community that has seen rents escalate from $500 to over $2,000 for a two-bedroom unit due to the oil boom.

In addition, LSS Housing leveraged its experience by putting in place new tools and systems to facilitate housing development and management in the future. These include an enhanced internal financial reporting system and a long-term, sustainable maintenance plan for LSS Housing properties. These advances will improve LSS Housing’s ability to meet affordable housing needs in North Dakota over the long term.

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