

The Honorable Brian Schatz  
Chair  
Subcommittee on Transportation,  
Housing and Urban Development  
U.S. Senate  
Washington, DC 20510

The Honorable Susan Collins  
Ranking Member  
Subcommittee on Transportation,  
Housing and Urban Development  
U.S. Senate  
Washington, DC 20510

The Honorable David Price  
Chair  
Subcommittee on Transportation,  
Housing and Urban Development  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mario Diaz-Balart  
Ranking Member  
Subcommittee on Transportation,  
Housing and Urban Development  
U.S. House of Representatives  
Washington, DC 20515

Dear Chair Schatz, Ranking Member Collins, Chair Price, and Ranking Member Diaz-Balart:

We, the undersigned state and local community development and housing organizations, thank you for your support of affordable housing and economic development. We are appreciative of your efforts to secure \$41 million for the U.S. Housing and Urban Development (HUD) Section 4 Capacity Building program in FY 2021, and look forward to working with you as consideration of FY 2022 appropriations begins. **We urge you to support Section 4 by appropriating no less than \$50 million for this program under the FY 2022 Transportation, Housing and Urban Development (THUD) Appropriations bill, as well as an additional \$40 million in any future economic recovery legislation.**

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

Section 4 provides working capital to sustain the livelihood of nonprofits across the country. Due to the pandemic, Section 4 is more vital than ever to help these nonprofits maintain services to their communities during this demanding period. Grantees have experienced economic challenges<sup>1</sup>, ranging from significant reductions in operating budgets, losses in earned revenue, and difficulties with fundraising efforts. **Yet these nonprofit community development corporations (CDCs) face an increased demand for services despite a decrease in financial resources. Increased funding**

**for Section 4 will help stabilize nonprofit operations and help them meet the affordable housing and community development needs of your constituents – needs which are only increasing every day due to COVID-19.**

We very much appreciate the \$41 million that Congress provided for the Section 4 program in FY 2021, the highest level of funding since FY 2010; and that legislation passed in the House included \$40 million in supplemental funding. This increase was critical, but unfortunately the demand for affordable housing and small business investments in low income communities continues to grow alongside new challenges such as opioid abuse and disaster recovery, and now the pandemic. **An increase to \$50 million will right size the program to meet the growing needs of the communities and families that rely on CDCs to provide critical services and support.**

Section 4 funds are matched on a 3 to 1 basis, and then used to leverage additional public and private capital. Total aggregate leverage has consistently been in the range of \$20 or higher for each dollar of Section 4 funding, such that **an investment of \$50 million will leverage \$1 billion of total investments.**

Section 4 is the only federal program that is exclusively focused on increasing the effectiveness of local community development organizations and in its history has benefited all 50 states as well as the District of Columbia and Puerto Rico. From 2016 – 2020, this investment has:

- Helped to create and preserve more than 44,000 affordable homes;
- Attracted over \$9.4 billion in total development costs for low income neighborhoods and communities across the country;
- Assisted in job creation, support of small businesses and the development of millions of square feet of commercial, retail and community facility space; and
- Supported programming efforts such as financial counseling, job training, and crime reduction in order to improve the physical and economic conditions in thousands of neighborhoods.

Section 4 has also provided disaster recovery relief and has been used to assist communities impacted by Hurricanes Katrina, Sandy, Harvey, Irma, Maria, Michael, the California wildfires and other federally declared disasters. Section 4 has helped local community development organizations in affected areas to rebuild homes and community facilities, as well as assist small businesses.

We recognize that there are many priorities for the Senate and House Transportation-Housing and Urban Development Subcommittees, and we thank you again for your support. We look forward to building on the success of FY 2021 in partnership with your leadership on these issues. As you consider FY 2022 funding, we urge you to provide

further appropriations to the Self-Help Opportunities Homeownership Program (SHOP) account, which supports many critical HUD programs, in order to accommodate the additional requested funds for Section 4. **We hope you can provide at least \$50 million for the Section 4 program in FY 2022 as well as \$40 million in any future economic relief legislation.**