

DATE

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

The Honorable Cindy Hyde-Smith
Ranking Member
Subcommittee on Transportation,
Housing and Urban Development
U.S. Senate
Washington, DC 20510

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

The Honorable Mike Quigley
Ranking Member
Subcommittee on Transportation,
Housing and Urban Development
U.S. House of Representatives
Washington, DC 20515

Dear Chair Schatz, Ranking Member Hyde-Smith, Chair Cole, and Ranking Member Quigley:

We, the undersigned X, XXX state and local community development and housing organizations, thank you for your support of affordable housing and economic development. We are appreciative of your support of the U.S. Housing and Urban Development (HUD) Section 4 Capacity Building program and look forward to working with you as consideration of FY 2024 appropriations begins. **We urge you to support Section 4 by appropriating no less than \$50 million for this program under the FY 2024 Transportation, Housing and Urban Development (THUD) Appropriations bill.**

Section 4 strengthens rural, Native, suburban, and urban communities across the nation by providing flexible support to local nonprofit community development corporations (CDCs) 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 build the capacity of nonprofits across the country. During the pandemic, these nonprofits worked tirelessly to provide services to their communities and lead economic recovery efforts. According to a [recent analysis](#), many of these CDCs continue to experience significant financial stresses and would greatly benefit from operational support dollars.

We very much appreciate the funding that Congress has provided for the Section 4 program in the last few years, but the current funding levels are not sufficient to meet the growing demands that CDCs continue to face – particularly with the rising housing and consumer costs that are acutely felt by low-income families. In real dollars, Section 4 has essentially been cut by over 25 percent since 2004. **An increase to \$50 million in FY 2024 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 specifically designed to increase the effectiveness of nonprofit organizations by providing them with critical capacity building funds so that they may better serve all types of communities in need. Throughout its history, the program has benefited all 50 states as well as the District of Columbia and Puerto Rico. From 2018 – 2022, this investment has:

- Helped to create and preserve more than 40,000 affordable homes;
- Attracted over \$10 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, the California wildfires and other federally declared disasters. The program has helped local community development organizations in affected areas to rebuild homes and community facilities, as well as assist small businesses. In addition, Section 4 has been used by organizations serving Native communities and populations to increase access to safe and affordable housing, and to support income and asset building opportunities for residents.

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. As you consider FY 2024 funding, we urge you to provide further appropriations to the Self-Help Assisted Homeownership Opportunity Program 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 2024.**

Sincerely,