Enterprise is a leading advocate for the Section 4 Capacity Building for Community Development and Affordable Housing (Section 4) program. Over the past 10 years, Enterprise has distributed approximately $80 million in Section 4 grants and loans to more than 900 local nonprofit organizations across 48 states and Puerto Rico. These organizations develop affordable housing, finance small businesses, revitalize commercial corridors, and help address local health care, child care, education and safety needs.

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: Frontier Housing, Inc.**

In 1974, Frontier Housing, Inc. (Frontier) was founded as a grassroots community organization focused on improving housing conditions in Rowan and surrounding counties in Eastern Kentucky. Over the past 40 years, Frontier has grown into a critical housing provider in the region, serving 11 Kentucky counties, including Bath, Boyd, Carter, Elliott, Fleming, Magoffin, Menifee, Montgomery, Morgan, Rowan and Wolfe. Its mission is to provide affordable housing solutions to build better communities.

The majority of Frontier’s services are provided to low-income households earning at or below 80 percent of the area median income (AMI). Frontier’s programs include building and rehabbing energy-efficient single-family homes, providing affordable, flexible financing to help families become homeowners, and providing homebuyer education and credit counseling.
Local challenge

For most of its history, Frontier sustained affordable housing production by developing homes only for low-income households. These homes were financed through state and federal subsidies that the homebuyer did not have to pay back, along with reduced-rate mortgages from leverage lenders. Over time, federal and state subsidies have seen deep spending cuts and have become more restrictive, making it more difficult to use, more expensive to build and less affordable.

Unable to maintain or grow production, Frontier adapted its financing model to use fewer subsidies by identifying new sources of financing and shifting its target market to serve both low- and moderate-income households. By broadening its funding sources and target market, Frontier has been able to maintain its housing and loan production in a very difficult economy. However, Frontier faces many challenges in doing so, including building the capacity of its in-house lending staff.

How Section 4 funds were used

Section 4 grants funds were used to support Frontier’s ongoing effort to increase access to affordable housing in its community. With an investment of $50,000, Frontier hired and trained a loan originator who is responsible for outreach, identifying new customers, promoting loan products, Frontier’s homeownership program, and originating and processing loans to efficiently use new sources of capital to target customers at a moderate-income range.

In addition, Section 4 grant funding was used to help cover the salary of a homeownership director to provide direct supervision of the loan originator and to oversee all lending activity, ensuring that production goals are met.

Section 4 has helped Frontier make the dream of homeownership a reality for many first-time homebuyers. By enhancing Frontier’s capacity, the organization can provide more financing options to potential homebuyers.

How Section 4 funds enhanced capacity of organization

Section 4 helped advance Frontier’s housing efforts by expanding their financing options and the construction of affordable housing. The Section 4 grant served as a critical resource to help Frontier offer new loan products to assist first-time homebuyers in its community. By hiring a loan originator, Frontier has been able to develop an outreach program and research new products to provide more options to potential homebuyers. The loan originator helps potential homebuyers sort through different financing options to find the best program that suits their needs.

Since receiving the Section 4 grant, 12 new homes have been developed, including eight high-quality, energy-efficient homes that have been sold to low-income families at or below 80 percent AMI. In addition, five new homes are under construction. Because of Section 4, Frontier has helped 29 families become homeowners.

Section 4 funds will continue to advance Frontier’s mission of helping individuals and families become homeowners for years to come.