Enterprise is a leading advocate for the Section 4 Capacity Building for Community Development and Affordable Housing program. Over the last 20 years, Enterprise has distributed over $125 million to more than 1,250 community development organizations throughout the country. Section 4 strengthens the nation’s lower-income urban and rural communities by bolstering local nonprofit community developers.

Since Congress authorized the program in 1993, Section 4 has been the sole HUD program specifically designed for nonprofit capacity building. Section 4 is an important, unique and efficient program that leverages significant private capital using minimal federal dollars. This program creates jobs, supports small businesses, builds housing and strengthens communities.

Capacity building develops core skills that strengthen the ability of organizations to implement HUD programs, raise capital for community development and affordable housing projects, coordinate on cross-programmatic, place-based approaches and facilitate knowledge sharing. Capacity building remains a key part of HUD’s Strategic Plan for FY2010-2015.

**Spotlight on Section 4 Grantee: Housing Initiative Partnership, Inc.**

Housing Initiative Partnership, Inc. (HIP) is an innovative, green nonprofit housing developer based in Prince George’s County, Md., dedicated to revitalizing neighborhoods and removing blight. Founded in 1988, HIP creates housing and economic opportunities for persons of low- and moderate-income and provides services that improve the quality of life in the communities it serves. HIP develops both single-family and multifamily housing and has an active single-family rehabilitation program.

Since its first days in the basement of a church with an all-volunteer staff, HIP and its service organization, HIP Services, has grown to be a major player in the Maryland affordable housing field with seventeen staff members. HIP Services provides a number of support services to the community, including a bilingual HUD-certified housing counseling program that is now one of the largest in Maryland, serving 2,000 clients in 2013 alone.

**Local challenge**

While many organizations scrambled to respond to the wave of foreclosures that began in 2008, HIP already had a well-developed foreclosure-prevention program. Before the financial crisis, HIP had been coordinating with public and private partners to aggregate diverse funding sources to support foreclosure prevention, address blight and establish a vibrant homebuyer counseling program. HIP has primarily focused its acquisition rehabilitation program in the Palmer Park neighborhood. Comprised of duplexes and triplexes, this community built in the 1950s had deteriorated due to a lack of investment.
Even with advance preparation, the magnitude of the foreclosure crisis represented a major challenge. HIP recognized the need to expand its response on multiple fronts: homeownership counseling and foreclosure prevention, rehabilitation and resale of vacant and foreclosed homes, and the acquisition and rehabilitation of larger multifamily buildings that would have a significant stabilizing impact at the neighborhood level. Multifamily development proved particularly challenging because HIP was a relatively inexperienced multifamily developer and faced tremendous competition from investors and other cash buyers who could close rapidly on properties.

**How Section 4 funds were used**

In the first years of the foreclosure crisis, Enterprise made two Section 4 grants, totaling $45,000, to support HIP’s counseling and single-family rehabilitation efforts. Recognizing the need to strengthen HIP’s ability to secure multifamily properties in an increasingly competitive environment, Enterprise made a third Section 4 grant in early 2013 to allow HIP to conduct financial modeling on five existing multifamily properties located in neighborhoods significantly impacted by foreclosures.

Most recently, as the foreclosure crisis has begun to abate, Enterprise has used Section 4 funds to support the next phase of HIP’s organizational growth. HIP is striving to raise the bar on green building, by developing a replicable, scalable model for an affordable, modular single-family home built to the highest standards of green building. To help this effort, Enterprise provided a $25,000 Section 4 grant for an architectural consultant to design the first modular passive house in the Mid-Atlantic region. By developing a replicable model, HIP will enable other developers to achieve new levels of green building and energy conservation, ultimately providing safer, healthier and more affordable housing to Maryland residents.

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

With the support of Section 4 funding, HIP has strengthened its own foreclosure-prevention and response capacity. HIP implemented a multifaceted approach to strengthen the community by:

- Providing foreclosure-prevention workshops to 276 participants.
- Counseling 283 individuals facing mortgage default.
- Helping 64 clients obtain loans modifications that enabled them to stay in their homes.
- Purchasing and renovating six vacant or foreclosed homes.

HIP’s substantial, energy efficient renovations have breathed new life into the community. HIP’s signature design feature is a front porch which not only improves the curb appeal of the home, but also encourages new homeowners to spend time interacting with the community.

While HIP did not succeed in acquiring a multifamily project in 2013, the organization greatly improved the capacity of its development team and established key funding relationships that will streamline future purchases. The speed and flexibility gained will be vital as HIP competes with large private investors and cash buyers for properties going forward.

Finally, Section 4 funds have provided a vital resource as HIP enters a new phase of organizational growth, to become a leader in the provision of highly energy efficient, healthy and affordable homes for low-income Maryland residents.

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