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: San Francisco Community Development Corporations

In 2014, six affordable housing organizations – Bernal Heights Neighborhood Center, Chinatown Community Development Center, Community Housing Partnership, Mercy Housing California, Mission Economic Development Agency (MEDA), and Tenderloin Neighborhood Development Corporation – were among the organizations chosen by the City of San Francisco to help deliver safe and decent housing to low-income households living in the city’s public housing developments.

Each of these community development corporations has a long, impressive history developing and managing high-quality, affordable housing for low-income residents, including those who are formerly homeless or have mental health issues, HIV/AIDS diagnoses, substance abuse problems, and other special needs. By providing individualized case management, employment programs, health services, youth and family programs, and other comprehensive services, these organizations play a critical role in building communities and enhancing quality of life.

Local challenge

Decades of underfunding have left public housing properties across the country in disrepair, with a capital needs backlog of over $26 billion. The Rental Assistance Demonstration (RAD) helps put public housing on more stable financial footing by converting its funding stream to Section 8 Project-Based Rental Assistance and helping public housing agencies better leverage private financing, including the Low-Income Housing Tax Credit (Housing Credit). In doing so, RAD modernizes aging public housing properties so that they are not permanently lost from our nation’s affordable housing supply.

In partnership with the City of San Francisco, the Housing Authority of San Francisco (SFHA) filed a portfolio-wide application in 2014 to convert 4,600 units of public housing under the RAD program. As the largest RAD conversion in the country, it has the potential to serve as a best practice that others in the industry can learn from.
How Section 4 funds were used

With the help of Section 4 grants, Enterprise led a large cohort of all the affordable housing developers participating in San Francisco’s RAD conversion program. Through trainings, technical assistance, impact measurement, and sharing best practices, Enterprise helped six community development corporations plan for portfolio integrations, resident transitions, critical building repairs, and operating the properties in a more service-connected fashion than was done with the Housing Authority. Enterprise’s technical assistance focused on assisting stakeholders identify the roles, responsibilities, and processes involved with the RAD conversion and to understand how to work together, what to expect for the closings, and a basic knowledge of the technical nuts and bolts involved in completing a RAD conversion of this size.

Enterprise staff worked with local experts and aligned disparate groups to create innovative solutions for addressing decades of isolation and poverty that the public housing residents have endured. Enterprise helped partner organizations develop programs to support green improvements and residents’ mental health, economic mobility, and self-sufficiency. Enterprise also coordinated developers and the Housing Authority, bridging the gap between their vastly different approaches and focus and addressing unforeseen issues and barriers.

How Section 4 funds enhanced capacity of organization

Prior to this RAD process, none of the partner organizations had experience with public housing or the special, often complex needs of its tenants. Since receiving Section 4 grants in 2013, they have all developed the capacity to rehab and manage the former public housing developments in accordance with the high fiscal and operational standards that they have already demonstrated in the operation of their other affordable housing properties. For example:

- Chinatown Community Development Center (CCDC) used $45,000 in Section 4 grant funds to increase its ability to take on the disposition of public housing properties in San Francisco. Specifically, the grant allowed the organization to add the staff and consulting services needed to increase the number of households and residents served by more than 25 percent. CCDC was able to acquire and manage two difficult multifamily housing properties in core Chinatown.

- With $70,000 in Section 4 grant funds, Tenderloin Neighborhood Development Corporation (TNDC) built its public housing expertise and increased its technical proficiency in order to absorb at least four Public Housing properties (600+ units) as part of the San Francisco Reenvisioning Plan. Grant funds were also used to advance the development of transit-oriented, mixed-income affordable housing on three TNDC-owned sites in two San Francisco Priority Development Areas (PDA). Predevelopment activities funded under this grant included engaging architects to evaluate conceptual massing, financial consultants to develop proformas, and a legal consultant to evaluate critical terms for partnership/ownership structures.

- Mercy Housing California used $45,000 in Section 4 grant funds to build the organization’s public housing expertise and increase its technical proficiency in order to absorb five to six new senior housing sites. This grant built Mercy Housing’s staff capacity to implement comprehensive, customized resident services at the acquired sites, as well as partner with community-based organizations to provide the resources necessary to support residents.

Enterprise anticipates that within five years, approximately 3,500 families at 29 former Housing Authority sites will be living in stable, affordable housing connected to opportunities that improve their health and well-being.

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