The US Housing and Urban Development Section 4 CDC Capacity Building Program

**PROGRAM PURPOSE:** *The Section 4 Capacity Building for Community and Affordable Housing* enhances the capacity and ability of Community Development Corporations (CDCs) and Community Housing Development Organizations (CHDOs) to carry out affordable housing and economic development activities that benefit low-and moderate-income families and persons.

**LOW TO MODERATE INCOME (AS DEFINED BY HUD):**

- Low-and moderate income household/person: Income *does not exceed 80%* of the AMI
- Low income household/person: Income does not exceed *50% of the AMI*
LISC and Section 4

• LISC is one of three financial intermediaries administering the HUD Section 4 program.
• Since program inception – we have deployed over $190MM in grants to 1,200 CDCs in 46 states.
• LISC deploys Section 4 funds through 33 urban and 7 rural local offices.
• Local LISC staff are responsible for providing TA and support to CDCs receiving Section 4 funding, as well as requesting grants, approving payment, and ensuring compliance.
• National LISC staff review and approve local grant requests and help with compliance support.
Section 4 Eligible Organizations

Among other criteria – HUD establishes that eligible CDCs must:

• **Have a tax exemption** ruling from the Internal Revenue Service *under section 501(c) (3)* or (4);

• Have as their **primary purpose**, the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low income;

• **Be governed** by a **board of directors** composed of community residents, business, and civic leaders;

• Be neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization;

• **Have standards of financial accountability** that conform to 2 CFR 200.302, "Financial Management" and 2 CFR 200.303, "Internal Controls".
Eligible Activities and Allowable Costs

• Section 4 supported activities must primarily benefit low-to-moderate income households/persons.

• Costs and activities should contribute to CDC’s operational or programmatic growth – such as program implementation or staff development.

• CDCs may use funds to cover allowable expenses as per Federal and S4 program regulations.

• LISC generally does not pay for ‘hard construction’ costs with Section 4 funding.
Sub recipient Responsibilities

• Maintain a current SAM registration
• Current with federal tax obligations
• Written polices and procedures- Board Approved
• Meet program and financial reporting requirements
• Maintain proper documentation for grant expenses
• Maintain standards of financial management and systems of internal controls
• Time & Effort- salary expenses
• Procurement- consultants
• Comply with LISC monitoring conditions (site visit, information requests, desk reviews)