



February 29, 2020

The Honorable Susan Collins
Chair, Subcommittee on Transportation,
Housing and Urban development
US Senate
Washington, DC 20510

The Honorable Jack Reed
Ranking Member, Subcommittee on
Transportation, Housing, and Urban Development
US Senate
Washington, DC 20510

The Honorable David Price
Chair, Subcommittee on Transportation,
Housing, and Urban Development
US House of Representatives
Washington, DC 20515

The Honorable Mario Diaz-Balart
Ranking Member, Subcommittee on
Transportation, Housing, and Urban Development
US House of Representatives
Washington, DC 20515

Dear Chair Collins, Ranking Member Reed, Chair Price, and Ranking Member Diaz-Balart:

On behalf of the Mayor and City Councilmembers of the City of Ann Arbor, MI, I am writing to thank you for support of affordable housing and economic development. Our elected officials are appreciative of your efforts to secure \$36 million for the US Housing and Urban Development (HUD) Section 4 Capacity Building Program in FY2020 and look forward to working with you as consideration of FY2021 appropriations begins. We urge you to support Section 4 by appropriating no less than \$45 million for this program under the FY2021 Transportation, Housing, and Urban Development (THUD) Appropriations Bill.

Section 4 strengthens rural and urban communities across the nation by providing flexible support to local nonprofit organizations 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 provides local organizations with 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.

However, in real dollars, Section 4 has essentially been cut by twenty-five percent since 2004. With the exception of Recovery Act funding, Section 4 had been funded at \$35 million or below since FY2004, until receiving a boost to \$36 million in FY2020, for which we are grateful. This \$1 million increase was much needed, but unfortunately the demand for affordable housing and small business investments in low income communities continues to grow alongside new challenges such as opioid abuse and disaster recovery. An

increase to \$45 million will right size the program to meet the growing needs of the communities and families that rely on non-profit community development corporations (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 \$45 million will leverage \$900 million of total investments.**

Section 4 is the only federal program that is exclusively focused on increasing the effectiveness of local community development organizations and has benefited all 50 states as well as the District of Columbia and Puerto Rico. From 2015 – 2019, this investment has:

- Helped to create and preserve more than 40,000 affordable homes;
- Attracted close to \$8.4 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 Katrina, Sandy, Harvey, Irma, Maria, Michael, the California wildfires and other federally declared disasters. Section 4 has helped local community development organizations in affected areas to rebuild homes and community facilities, as well as assist small businesses.

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. We look forward to building on the success of FY 2020 in partnership with your leadership on these issues. As you consider FY 2021 funding, we urge you to provide additional appropriations to the Self-Help Opportunities Homeownership Program (SHOP) account, which funds many critical HUD programs, and to support at least \$45 million for the Section 4 program.

Sincerely,

Howard S. Lazarus
City Administrator

cc: Honorable Debbie Stabenow, US Senate
Honorable Gary Peters, US Senate
Honorable Debbie Dingell, US House of Representatives
Mayor and City Councilmembers
John Fournier, Assistant City Administrator
Jennifer Hall, Executive Director, Ann Arbor Housing Commission