


## REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: March 30, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations and Neighborhoods Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst

Council File No: 15-0002-S135  
Assignment No: 16-03-0204

SUBJECT: Resolution (Cedillo – Buscaino) to urge Congress to continue to provide at least \$35 million for the Section 4 (Capacity Building and Affordable Housing Program) of the HUD Demonstration Act of 1993.

CLA RECOMMENDATION: Adopt Resolution (Cedillo – Buscaino) to include in the City's 2015-2016 Federal Legislative Program SUPPORT for any federal legislative and administrative actions that will result in the funding of at least \$35 million for the Department of Housing and Urban Development's Section 4 (Capacity Building and Affordable Housing Program) of the HUD Demonstration Act of 1993.

### SUMMARY:

On March 1, 2016, a Resolution (Cedillo - Buscaino) was introduced to support any federal legislative and administrative actions with regards to the funding of at least \$35 million for the Department of Housing and Urban Development's Section 4 (Capacity Building and Affordable Housing Program). The Resolution states that the Capacity Building and Affordable Housing Program provides assistance through competitive grants for nonprofit intermediary groups that direct operation support loans, grants, predevelopment assistance, or other financial assistance to subgrantee community development corporations (CDCs) and community housing development organizations (CHDOs) for the purposes of training, education, support, and advice.

The Resolution states that the Capacity Building and Affordable Housing Program strengthens the nation's lower-income rural and urban communities by bolstering non-profit community developers that often build and invest in these areas. The Resolution further states non-profit, community-based organizations in lower-income communities are in need for capital used for capacity building, in order to invest in lower-income rural and urban communities and create safe, affordable housing for low and moderate income families. The Resolution, therefore, seeks an official position of the City of Los Angeles in supporting federal legislative and administrative actions that would urge Congress to fund at least \$35 million for the Capacity Building and Affordable Housing Program.

### BACKGROUND:

The Capacity Building and Affordable Housing Program is authorized by Section 4 of the HUD Demonstration Act of 1993. The Section 4 Capacity Building and Affordable Housing Program

provides grants to national community development intermediaries to enhance the capacity and ability of CDCs and CHDOs. According to Enterprise Community Partners, a nonprofit community development intermediary, since the program's authorization by Congress in 1993, the provisions provided have helped low-income families and neighborhoods in more than 2,000 urban and rural communities in all 50 states. The provisions from the Capacity Building and Affordable Housing Program are used as a tool to help leverage both private and public capital investment into low-income rural and urban communities. In receiving these funds, Section 4 grantees also must meet a matching requirement, where the private sources leveraged must be in an amount equal to three times the amount made available under this program.

In providing these funds to national community development intermediaries, Section 4 of the HUD Demonstration Act of 1993 authorizes that this assistance may be used for the following:

1. Training, education, support, and advice to enhance the technical and administrative capabilities of community development corporations and community housing development organizations;
2. Loans, grants, or predevelopment assistance to community development corporations and community housing development organizations to carry out community development and affordable housing activities that benefit low-income families; and
3. Such other activities as may be determined by the National Community Development Initiative in consultation with the Secretary

According to the Local Initiatives Support Corporation, assistance from the Capacity Building and Affordable Housing Program was specifically designed for nonprofit capacity building. Due to this, nonprofit, community-based organizations have demonstrated a tremendous need as they are dependent on these funds to assist them in investing and operating within low-income communities. As noted above, the program is essential to low-income communities due to the scarcity of capital that is available to nonprofit, community-based organizations for capacity building. Approval of this Resolution (Cedillo – Buscaino) will allow nonprofit, community-based organizations to implement HUD programs, invest in low-income communities, and execute community development and affordable housing projects.

DEPARTMENTS NOTIFIED

Housing and Community Investment Department



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Steve Luu  
Analyst

SMT:sl

Attachments: Resolution (Cedillo – Buscaino)

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# RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Section 4 (Capacity Building and Affordable Housing Program) of the HUD Demonstration Act of 1993 authorizes the Department of Housing and Urban Development (HUD) to provide assistance through competitive grants to give national nonprofit intermediary groups that direct operational support loans, grants, predevelopment assistance, or other financial assistance to subgrantee community development corporations (CDCs) and community housing development organizations (CHDOs); and

WHEREAS, this provision authorizes HUD to provide assistance through competitive grants to provide training, education, support and advice to develop the capacity and ability of CDCs and CHDOs to undertake community development and affordable housing projects and programs; and

WHEREAS, the provision also strengthens the nation's lower-income rural and urban communities by bolstering non-profit community developers that build and invest in these areas; and


WHEREAS, nonprofit, community-based organizations in low-income communities are in tremendous need for capital used for capacity building; and

WHEREAS, the Capacity Building and Affordable Housing Program also helps to create safe, affordable homes for low and moderate income families; and

WHEREAS, funding reductions to this program would severely limit the creation of affordable housing, as well as investment in lower-income rural and urban communities; and


WHEREAS, Congress should continue to provide at least \$35 million for the Capacity Building and Affordable Housing Program;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 Federal Legislative Program SUPPORT for any federal legislative and administrative actions that will result in the funding of at least \$35 million for HUD's Section 4 (Capacity Building and Affordable Housing Program).

PRESENTED BY:   
GILBERT A. CEDILLO  
Councilmember, 1<sup>st</sup> District

SECONDED BY: 

ORIGINAL

MAR 01 2016  
  
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