

National Development Council

Partners In Community Development Since 1969

September 22, 2015

The Honorable Mitch McConnell
Majority Leader
U.S. Senate

The Honorable Harry Reid
Minority Leader
U.S. Senate

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives

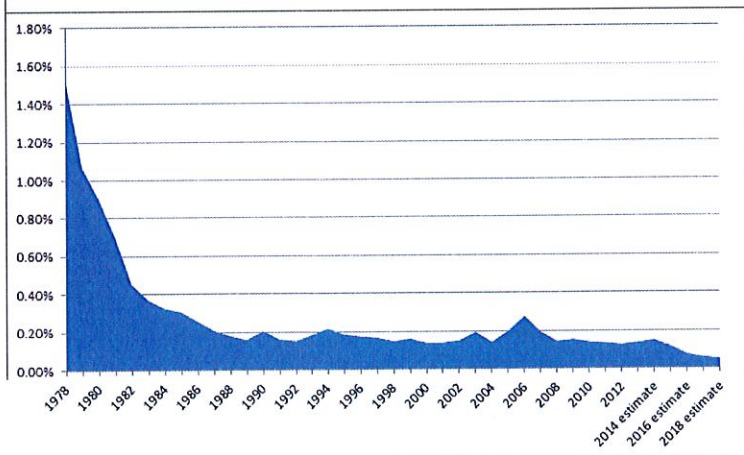
The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives

Dear Majority Leader McConnell, Minority Leader Reid, Speaker Boehner and Minority Leader Pelosi,

As we come to the end of the Federal Fiscal year Congress is confronting the challenge of meeting the needs of Americans to be safe, to have an economically secure future and to provide for the needs of our communities. The Budget Control Act of 2011 created sequestration as a means of fiscal control in an attempt to bring the different perspectives on federal expenditures to the table for negotiations. That goal is still worthy.

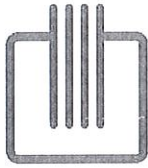
Sadly, we do not yet see an agreement between our leaders. Now we see defense spending increasing above the sequester caps, we implore you to raise them equally for non-defense discretionary expenditures. Since 1978 the investment in community and economic development programs as a percentage of GDP has gone down drastically from approximately 1.4% of GDP to an estimated 0.02% of GDP in the upcoming FY2016. The following graph illustrates this trend.

Decline in Community Development Outlays as a % of GDP



Prepared by Rapoza Associates

We know that children who do not have stable housing struggle in school increasing the cost of education. We know that adults without stable housing are less productive at work – if they can hold a job at all. We know that communities without adequate housing affordable for the workforce needed face challenges in sustaining economic growth. All of these demonstrate reasons that Congress should raise the sequestration caps to invest in housing and community economic development.



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The National Development Council's (NDC's) mission is to increase the flow of capital to distressed urban and rural communities for investment, jobs and community development. Using the power of unique tools, deep expertise and public private partnerships, we have:

- Assisted hundreds of client communities to maximize the community impact of critical development projects
- Trained more than 60,000 practitioners in the art and science of economic and housing development finance through local training programs and a biennial NDC Training Academy
- Raised over \$550 million in equity for affordable housing and historic preservation projects
- Developed and financed over \$2.0 billion in tax-exempt bond financed projects
- Loaned more than \$161 million to over 468 small businesses (of which 49 percent are minority or women-owned businesses), creating and retaining nearly 13,000 permanent jobs and increasing investment in many underserved neighborhoods
- Financed 87 projects using NMTCs, leveraging an additional \$1.7 billion in financing for public facilities, mixed-use real estate projects and growing businesses

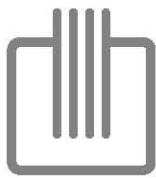
The National Development Council believes that appropriations bills cannot adequately address the growing housing needs of millions of low-income household because of the constraints placed on them by the Budget Control Act's sequester spending limits. We urge you to reach an agreement to raise the caps and pass an FY2016 Transportation, Housing and Urban Development and Related Agencies Appropriations bill this fall with funding levels sufficient to enable states and communities to continue to create more affordable housing option for the most vulnerable populations and stimulate more community revitalization.

Gratefully,

Robert W. Davenport
President

Cc:

Hon. Thad Cochran
Hon. Barbara Mikulski
Hon. Hal Rogers
Hon. Nita Lowey
Hon. Susan Collins
Hon. Jack Reed
Hon. Mario Diaz-Balart
Hon. David Price



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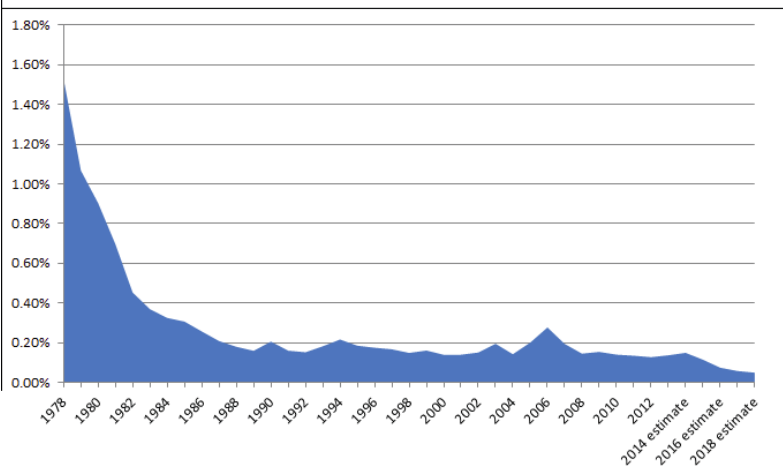
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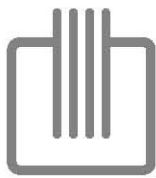
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NATIONAL DEVELOPMENT COUNCIL

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Robert W. Davenport, *President*

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Submitted by NDC Washington Office

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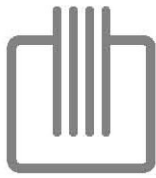


NATIONAL DEVELOPMENT COUNCIL

The National Development Council welcomes Chairman Hensarling's invitation to comment on ways to improve the federal investment in housing and poverty reduction. To be clear HUD's investment in housing and community development over the past 50 years has not resolved the affordable housing problem nor has it lifted all of our citizens out of poverty. Nevertheless HUD's investments provide safe and affordable housing for thousands Americans and needed investment in infrastructure and community development in our most troubled communities. Letters from the Coalition for Housing and Community Development Fund and the Preservation Working Group that we signed detail the positive impact of existing programs. Every community is financially stressed due to the challenging economy and the fact that over the last 35 years federal investment in housing and community development has diminished from .35% of the GDP in 1980 to .075% in 2015. Local governments strive to be more creative and to find ways to compensate for the reduction in federal investment.

Rather than restate those principles, NDC would invite the committee to strengthen the work by creating meaningful collaboration between and among the federal programs designed to improve the lives of low income Americans. Housing alone will not eliminate poverty. Neither will economic development, adequate public transportation, or job training alone create a path out of poverty. All of these efforts must work together. The coordination occurs best at the local level. Too often the federal government programs are so restrictive within their own silos that local officials who are trying to build and maintain affordable housing, create and retain jobs and make sure that their residents are properly trained and ready to work with a way to get there spend too much time and money on duplicative and conflicting regulations. Investments in neglected communities often take multiple layers of public financing to make the project succeed. HUD is one of the few federal agencies who accept local officials' environmental review. A community doing a mixed use project with transportation, housing and commercial development may find two or three slightly difference requirements from the US Department of Transportation, the EPA and HUD. The federal government could assist in local development by allowing one common environmental review. Similarly reporting on the project's progress may require multiple forms and documents with basically the same information. The federal government should create one master report with opportunities for specific additional data as needed – for example on historic preservation or matters related to tribal land concerns. The US government should allow local governments to utilize the full range of federal investment tools including historic tax credits, New Market Tax Credits, Low income housing tax credits, and federal grant funding from HUD, DOT, HHS, Department of Labor or any other agency if the project merits that investment.

Thomas Jefferson said that the states are the laboratory of democracy. In reality the local governments are the center of innovation today. The committee could create a partnership across Congressional jurisdictional lines to allow local governments access to all of the federal funds available in their area designed to alleviate poverty if those officials would develop and implement a five year plan with clear and demonstrable outcomes. By providing such an opportunity local leaders could be creative, would have to continue their own level of investment and we could learn from one another. Given current budget realities NDC understands that new federal investment in community development and housing is unlikely; thus, we recommend eliminating burdensome and duplicative paperwork so that the funds available can flow directly to projects rather than to bureaucratic reporting. We work in over 100 communities providing technical assistance to local government in structuring financial packages that bring capital into underserved areas and we stand ready to assist the committee in this effort.



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September 30, 2015

Sam Ridders
United States Department of Agriculture
1400 Independence Ave SW
Washington, D.C. 20250

Sam –

Attached you will find the COOP agreement that you requested. Thank you for your work on this project. I am providing a quick review of the contents to make sure we are in agreement.

You asked for the “off the shelf” ED 101 Course which covers basic economic development finance. I attach the syllabus for that course. You will note that business credit analysis basics are covered in the intro course, ED101, but the deep dive is in ED201.

The training administration cost would be \$7000/day for 4 days = \$28,000 – with no exam.

Instructor travel and expenses would be in addition – estimated per diem cost \$240 x 5 = \$1,200 and approximately \$800 for plane fare totaling approximately \$2,000/course

USDA indicated you would cover the facility location and cost.

Using these figures the total cost for the course would be \$30,000/course.

The exact same figures cover the “off the shelf” cost of ED 201 which covers business credit analysis. I attached the syllabus for that course as well.

The training administration cost would be \$7000/day for 4 days = \$28,000 – with no exam.

Instructor travel and expenses would be in addition – estimated per diem cost \$240 x 5 = \$1,200 and approximately \$800 for plane fare totaling approximately \$2,000/course

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Using these figures the total cost for the course would be \$30,000/course.

At your direction, the COOP agreement only provides for one class of each course. Understanding RD’s desire to offer each course at three strategic locations across the country for a total of 6 courses brings the total cost of the agreement to \$180,000.

Our experience is that following training our students appreciate the ability to call on their instructors and all of NDC for guidance when faced with real world situations. We can provide that technical assistance at an additional cost should USDA wish to engage those services at a later date.

Thank you so much for your good work. I look forward to this partnership.

Kindest regards,

Jane Campbell

Cc: Betty-Ann Bryce
Cc: Lillian Salerno
Cc: Claudette Fernandez