

COMMUNITY AND ECONOMIC DEVELOPMENT

STATEMENT OF BASIC PHILOSOPHY

The National Association of Counties (NACo) recognizes the critical role of county governments in the overall economic vitality of our nation through the development of viable urban, suburban and rural communities. To exercise this role, county officials must implement local policies and intergovernmental initiatives that comprehensively address such issues as affordable housing, economic development, land use planning, commercial development, job retention and creation, employment centers, and infrastructure capacity.

County governments should ensure that community and economic development resources are accessible to all socioeconomic groups. Moreover, a broad range of resources and responsibilities make county governments the natural political entity to provide leadership in administering programs and delivering services. County governments play a vital role in coordination and planning efforts because many federal and state programs emphasize regional approaches to community and economic development planning. Since counties have limited resources and capacity, state and federal programs should allow for more flexible and cost-effective administration that will result in more efficient local management to meet the goals and objectives of state and federal programs.

COMMUNITY DEVELOPMENT

A. The Federal Role in Community Development: In order to address the community development social and economic needs in urban, suburban and rural counties, federal programs must be funded at levels commensurate with national needs. Federal agencies such as the Department of Housing and Urban Development (HUD), Economic Development Administration (EDA), Small Business Administration (SBA), Appalachian Regional Commission, Tennessee Valley Authority, Delta Regional Authority, USDA Rural Development, and Department of Labor are critical for stimulating local economies and leveraging private sector resources.

B. Community Development Block Grant: NACo strongly supports the Community Development Block Grant (CDBG) program established in the Housing and Community Development Act of 1974. The CDBG program provides increased opportunities for elected county officials to plan, implement, and evaluate local community development and housing assistance programs.

Under the Act, county officials, and particularly those whose counties receive urban county designation, are afforded additional resources to address long-range physical, social, housing and economic development needs in their jurisdictions in a comprehensive manner. Counties commit CDBG funds to projects that are determined to meet local priorities in addressing development, housing, economic infrastructure and low income needs.

Recognizing that federal funds and local capacity to administer this program are a limited resource, NACo supports the flexible use of CDBG funds to address certain immediate and unanticipated national priorities in line with the following principles:

- That national priorities not diminish local priorities and commitments;
- Additional funding must be provided for any new initiatives or responsibilities to be under-taken with CDBG funds;
- Any new initiatives that are proposed to be funded with CDBG funds must further the original purposes of the Act or be funded under a new title with separate funding; and
- More flexible and streamlined administration of federal and state mandates to allow cost-effective methods of compliance and administration.

NACo endorses the linkage provided in the Act between community development and housing assistance programs. Counties are required to submit consolidated plans. This provision gives counties increased leverage in addressing not only the housing needs of those residing, or expected to reside, in their jurisdictions, but also in determining housing location and evaluating the growth implications of such development.

In order for the potential of the CDBG program be fully realized, it must be fully funded and properly administered. NACo urges the Congress, HUD, and the Office of Management and Budget to comprehensively review the adequacy of present and future program levels, so that all counties, not just those that receive a direct entitlement, can participate in this important program area.

Finally, NACo recommends that Congress stop the proliferation of set-asides within the CDBG and HOME programs.

C. Empowerment Zones and Enterprise Communities: NACo supports federally designated empowerment zones and enterprise communities that respect local regulations and local contributions to the success of the zone and are distributed equitably throughout the nation and between urban and rural counties. Local governments should undertake a voluntary review of local provisions that might impede economic development.

Federal waivers should not override state and local laws or regulations. Any local, state or federal incentives to establish zones should emphasize the retention and expansion of small businesses that create the majority of new jobs.

The program should provide for local government input in developing and implementing comprehensive plans, so that counties' critical role in delivering and coordinating a vast array of social services is maintained. Where feasible, employment aspects of zones should be coordinated with job training services.

D. The Community Reinvestment Act: NACo strongly supports the Community Reinvestment Act (CRA) and opposes any effort to weaken the Act, because continuing disparities in mortgage lending adversely impact low-income, distressed, and minority communities. Since its passage in 1977, the CRA has been responsible for many loans and investments to traditionally underserved inner-city and rural communities nationwide.

By assisting local governments expand private investment in these neighborhoods, the CRA has helped strengthen the tax base and thus improve the fiscal condition of many communities. Investment in housing and small business development made possible by the CRA has created jobs, expanded homeownership opportunities, and improved neighborhood stability.

HOUSING

A. The Need for Affordable, Workforce and Entry Level Housing: County governments have a responsibility to help assure decent housing for all segments of their population. Counties should continue to identify and meet the needs of very low-, low-, and moderate-income households, including those with special housing needs. Whenever possible, counties should take steps to remove all discrimination in the housing market, including prohibiting exclusionary zoning practices. All levels of government should ensure enforcement of Title VIII of the Civil Rights Act of 1968 through expeditious resolution of allegations of fair housing violations.

Concentrations of assisted housing for very low-, low- and moderate-income families in one geographic area should be avoided and mixed-income housing encouraged. Federal and state governments as well as counties should be aware of the interrelationship of social issues and housing and provide appropriate supportive services and facilities.

Counties should encourage innovations in housing technology, design, approval, and construction in order to lower the cost of decent, safe, and sanitary shelter. National performance criteria and minimum standards for building materials and practices should be developed along with expanded research on building construction that take into account energy conservation. To the greatest extent possible, housing should be constructed with energy efficiency in mind to reduce increasing housing costs and resource consumption.

The federal government should prepare a model building code that includes separate building codes for modular, mobile, and other forms of factory built housing.

Counties and states also should assess the impact of local land use policies on housing costs. Federal, state, and local agencies should periodically review their off-site and on-site development standards, as well as their methods and procedures as to zoning, subdivision controls, and environmental standards, to ensure that they reflect the state-of-the-art and that their standards are not excessive. When appropriate, employer housing should be planned to allow homeowners to live close to work in order to reduce commuting costs and use of energy. The federal government should not make housing and community development funding contingent upon HUD approval of a jurisdiction's local regulations affecting housing affordability and availability.

B. State and Local Roles in Housing: States and local governments should collaborate on their respective roles in reducing housing costs and increasing the supply of affordable units, including establishment of state and local housing finance agencies. This analysis might consider ways to seek uniformity in tax assessment practices.

State governments also should adopt legislation clarifying the respective rights of owners/occupants, and landlords/tenants. Moreover, NACo urges industry groups and government at all levels to implement programs and take legislative/regulatory action necessary to eliminate predatory lending practices.

C. The Federal Role in Housing: The federal government should follow a national housing policy that embodies clear annual housing goals, provides adequate and predictable funding levels, offers incentives for energy efficient buildings and builds on partnerships with state and local governments and the private and nonprofit sectors in support of new construction and rehabilitation for rental and homeownership properties, particularly for low- and moderate-income persons.

Federal policy should allow for voluntary adoption of fair share housing programs on a metropolitan area basis, address the housing needs of rural America, expand the federal government's role in credit enhancement, and preserve the Federal Housing Administration's single and multifamily housing insurance programs.

NACo supports legislation that makes funding available to state and local governments to address affordable and workforce housing needs.

The lack of affordable housing at the state and local level is a national crisis. Over the years, housing has become more and more unaffordable. Homeowners are forced to either live beyond their financial resources and/or live long distances from the communities in which they work. This commute creates transit and social issues that put demands on counties.

1. The HOME Investment Partnerships Program: The Cranston-Gonzalez National Affordable Housing Act is landmark legislation that reestablishes a major federal commitment to housing. The HOME Investment Partnerships program, which is the centerpiece of this Act, builds upon the significant capacity and experience of county and other local and state governments to design and implement affordable housing programs for low- and moderate-income persons. In order to maximize the program's effectiveness, county governments must be allowed considerable flexibility in their use of HOME funds to address identified local needs.

Sixty percent of HOME funds are allocated to urban counties and metropolitan cities and the balance to the states. Awarding the bulk of funds to local governments reduces bureaucracies at the state level that impede local flexibility.

NACo urges Congress to pass legislation authorizing a federal housing production program within the HOME program.

2. Federally Owned Residential Property: The federal government, due to foreclosures and abandonment of federally insured houses, owns thousands of residential properties throughout the country. These properties are not only a tax burden for local government, but also contribute to rapid neighborhood

deterioration and decline. Most are vacant and subject to vandalism, becoming breeding grounds for crime and delinquent behavior.

NACo strongly believes that the federal government, in cooperation with local governments, should provide mechanisms for returning these homes to sound condition. All local efforts to rehabilitate and occupy these properties should be supported. Counties should cooperate with the federal government in rehabilitating and returning these properties to the housing market. In no case, however, should the federal government ignore its responsibility for the condition of these homes and shift the burden for reclaiming these properties to state, county, or city government.

3. Preservation of the Low-Income Housing Stock: Many low-income rental housing units receive federal assistance, and many are insured through the Federal Housing Administration (FHA).

In the absence of a preservation strategy, many of these units are likely to be lost from the low-income rental inventory through defaults on mortgages, and others could be lost if owners prepay mortgages and convert properties to market-rent. NACo supports strategies that preserve the supply of low-income rental housing stock.

NACo generally supports legislation that provides a tax credit to help offset the negative tax liability for owners of federally assisted housing to encourage transfer of their property to a preservation entity that agrees to keep it affordable for a period of at least thirty years.

Such efforts will minimize the risk of property deterioration and loss of economic value of affordable housing units.

4. Restructuring the FHA Portfolio: NACo supports refining the FHA portfolio. The FHA multifamily portfolio must address federal budgetary concerns and ease federal regulatory burdens that have increased the cost of operating Section 8 housing for owners and the cost of subsidizing such housing to HUD.

5. Preserving Section 8 Housing: NACo supports preserving Section 8 housing and preventing the displacement of the tenants. NACo urges the administration and Congress to take the necessary steps to preserve local communities' stock of affordable housing by adopting tax policies that encourage the transfer of properties outside of CDBG, HOME, and other HUD programs.

NACo urges Congress to pass legislation amending the Housing Choice Voucher Program to improve its use in the development and preservation of housing for low- and moderate-income families. Specifically, NACo calls on Congress to:

- Expand the limit for project-based vouchers from twenty to 35 percent of a locality's allocation;
- Consistent with current performance standards, require HUD to reallocate unused vouchers to other jurisdictions in a specified time period annually;
- Modify the targeting requirements to allow sixty percent of the vouchers to be made available for households at or below thirty percent of median income and up to forty to fifty percent of median income; and
- Restore the fifty percentile of the fair market rent standard to promote the deconcentration of families in poverty.

6. Use of Tax Code for Multifamily Rental Housing: NACo supports incentives in the tax code to stimulate investment in affordable housing, including continuing the ability of counties to issue tax-exempt single and multifamily housing bonds and allocate Low-Income Housing Tax Credits. NACo supports legislation amending Section 149(b) of the Internal Revenue Code to permanently add Federal Home Loan Banks to the list of entities permitted to credit enhance tax exempt bonds.

NACo also supports removing the penalty that lowers the value of the tax credit from nine percent to four percent when used in conjunction with tax-exempt financing for multifamily housing.

7. The Low-Income Housing Tax Credit: NACo supports permanent status of the Low-Income Housing Tax Credit. The credit accounts for many of the new apartments constructed in the United States, and virtually all of the apartments constructed or rehabilitated for low-income renters. Permanent status of this tax credit must be maintained so that potential investors will not be discouraged from making investments and housing providers can make appropriate planning and administrative decisions.

NACo is very concerned that any future proposal to eliminate the double taxation of corporate dividends through an “excludable dividend amount” would have an adverse impact on tax-exempt bonds and Low-Income Housing Tax Credits.

8. Commercial Revitalization Tax Credit: NACo supports the Commercial Revitalization Tax Credit (CRTC) to provide business growth in distressed areas. The CRTC can be an important and worthwhile incentive for business investment in specially-designated revitalization areas to bring communities back to life. Private business investment in these revitalization areas will help boost the economic vitality of these communities, and provide opportunities for new job growth. New business construction and business rehabilitation can enhance the physical environment of distressed areas in communities around the nation, while improving their social and economic conditions.

9. Single-Family Homeownership Tax Credit: NACo endorses the concept of a homeownership tax credit designed to provide homeownership opportunities for low- and moderate-income families. Homeownership gives families a stake in their communities and increases the stability and vitality of neighborhoods. Local elected officials support legislative efforts towards the creation of an investor-based tax credit that would encourage the development of single-family affordable housing.

10. Government Sponsored Enterprises (GSEs): NACo strongly supports the continuation of Fannie Mae’s and Freddie Mac’s role of serving as the secondary market for the Nation’s mortgage system. Fannie Mae and Freddie Mac are chartered by Congress as GSEs to provide stability in the secondary market for residential mortgages, respond appropriately to the capital markets, and promote access to mortgage credit throughout the nation. In that role, they provide liquidity to the market by buying and packaging mortgages into mortgage-backed securities that are sold to investors. This process is essential to maintaining a flow of capital to the mortgage market. Fannie Mae and Freddie Mac are key partners with county governments in expanding affordable housing opportunities for first-time and other homebuyers.

Fannie Mae and Freddie Mac have been leaders in the creation of innovative lending programs to finance affordable housing. The GSEs’ mission assures that mortgage capital will be focused on the development of tools that create mainstream products and services tailored to the affordable housing marketplace. The GSEs work through national and local lenders and county governments to innovate and take prudent risks in providing mortgage capital to develop and sustain strong communities. The GSEs also have been essential investors in tax-exempt single family and multifamily housing bonds and Low-Income Housing Tax Credits, essential tools used by counties to expand affordable housing opportunities.

11. Lead-Based Paint: NACo supports additional funding to offset the substantial increase in the cost to rehabilitate housing units using CDBG and HOME funds due to the presence of lead-based paint hazards.

Many communities have experienced a substantial increase in the cost of their CDBG and HOME funded rehabilitation and homeownership programs to implement lead-based paint mitigation strategies, without a source of funds to pay for the increased cost.

NACo also requests that waivers be provided to communities where there is a lack of certified lead-based paint professionals.

This regulation was issued under sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992, and covers all housing assisted through CDBG and HOME, including housing where no children under the age of six are present. It has been documented that there is a lack of a sufficient number of trained and certified lead-based paint professionals, such as risk assessors, inspectors, abatement contractors, and laboratories to implement the regulation in all communities. In addition, this regulation will impact the timely expenditure of CDBG and HOME funds. NACo supports federal support of additional resources to help local governments implement the requirements of this federally mandated regulation.

NACo supports revision of the National Manufactured Housing and Construction and Safety Standards Act of 1974 to make and keep current; and address concerns with the construction and safety standard of manufactured homes. NACo supports the modernization of the Act by establishing a process for the development, revision, and interpretation of federal construction and safety standards for manufactured homes.

12. Homeless Assistance: NACo supports full funding of federal homeless assistance programs. NACo supports efforts to convert categorical housing programs for the homeless into a block grant program. The programs should give localities sufficient flexibility to address identified local priorities and needs. Localities should be provided with sufficient funds for program administration and capacity building of local service providers. Caps should not apply to supportive services. Finally, urban, suburban, and rural counties should be able to form consortia to effectively implement continuum of care plans.

NACo strongly recommends that Congress and the Administration enact legislation that provides dedicated full funding for existing Shelter Plus Care programs that are separate from the HUD McKinney Act Supportive Housing Program, while maintaining current Shelter Plus Care regulations and consistency with the successful Continuum of Care approach.

NACo also calls for an end to the practice of discharging large numbers of people into homelessness from hospitals, mental health and chemical dependency treatment facilities, jails and prisons without adequate community support systems. NACo commits to urging Congress to make investments in additional affordable and supportive housing alternatives from mainstream systems, so that supportive housing is available to those who are homeless or would be homeless without it.

NACo supports legislation to provide additional federal resources to develop housing with supportive services, including mental health services, to help the reintegration of “public safety” ex-offenders into the community and the housing market. These additional federal resources must not be at the expense of existing HUD programs, Low-Income Housing Tax Credits, or any other federally funded domestic program.

NACo endorses the Administration’s national goal of ending chronic homelessness in ten years. NACo supports the ten-year planning process of the Interagency Council on Homelessness, which recognizes that the abolition of chronic homelessness require collaboration and coordination of resources in performance-based strategies at all levels of government, together with community institutions, businesses, and faith-based organizations. NACo encourages counties to develop Ten-Year Plans incorporating the latest research on effective engagement, housing, and services strategies to prevent and end chronic homelessness.

13. Special Needs Housing:

a. Housing Options for an Aging Population: NACo supports the development of local housing options that assist older persons to continue living in their dwellings. These options may include home equity conversion, home maintenance, accessory apartments or other secondary units and shared/group residences. When older persons are no longer able to live in their existing dwellings, their options should

include congregate housing, continuing care retirement communities, assisted living and other appropriately designed multi-family or group living complexes.

In appropriate circumstances, family caregivers who wish to alter their homes to provide needed non-institutional support for older parents should not be penalized by zoning regulations and higher property taxes from adopting their residences for this purpose. Efforts should be made to support older persons living in their own dwellings or in congregate housing through the integrated delivery of social services in the community.

b. Housing Opportunities for Persons with AIDS: There is an urgent need for communities to provide appropriate and affordable housing for persons and families living with the acquired immunodeficiency syndrome and human immunodeficiency virus (AIDS) who are at greater risk of illness and possible homelessness.

In order to better coordinate the delivery of health care and housing services, counties as well as cities should be eligible to be allocating agencies for metropolitan areas under the Housing Opportunities for People with AIDS (HOPWA) program. Counties and cities throughout the country have demonstrated that they will develop fair allocation and implementation procedures that meet the needs of entire communities.

14. Refining the Mortgage Revenue Bond Program: NACo supports the Mortgage Revenue Bond program and the increased purchase price limits due to the recent economic downturn.

NACo urges Congress to pass legislation to preserve Qualified Veterans Mortgage Bonds (QVMB), bonding authority for states and remove the prohibition of lending QVMB monies to Post-76 Veterans.

15. Employer Assisted Housing: NACo supports legislation that would encourage employers, counties, and municipalities to invest in employer-assisted housing programs by providing a tax credit to partially offset the costs of such programs.

16. Foreclosures: NACo supports programs that reduce the number of foreclosures, encourage refinancing/restructuring mortgages that allow families to retain their homes, and lower the inventory of vacant and abandoned homes to eliminate blight and revitalize the housing market.

COUNTY ROLE IN HOUSING

A. Planning: Local elected officials, after appropriate citizen input, should develop guidelines for areas of development opportunity (where growth should be encouraged and facilitated) based on explicit standards to protect critical areas. Any state and/or regional review of local plans should only be for consistency with these guidelines and standards. Local land use plans should be based, among other things, upon demographic and marketing trends and upon local capital improvement projects which provide the infrastructure for growth.

Natural resource inventories (as opposed to environmental impact statements) should be undertaken on a metropolitan area basis to identify hazardous areas where no development can take place, areas of critical concern, such as productive agricultural land, where limited development can take place, and areas where no impediments exist. Federal standards for programs necessary for growth (such as water and sewer funding) should be based on the growth needs of each area.

NACo supports county planning and land use policy that contemplates growth and development patterns occurring within a county and the surrounding region. Recognizing that land use decisions are inherently local in nature, NACo strongly supports county government decision-making that appropriately reflects the county's needs in accommodating growth, as well as the will of county residents.

B. Housing Element in the Local Plan: Counties should prepare and adopt housing elements as part of their comprehensive plans. This housing component should include projections of present and future housing needs, and take into account land zoned for different types of lot sizes, types of housing (including manufactured housing), and different income levels. In addition, it should set realistic annual goals for the number of units or persons to receive housing assistance and make provision for the public facilities. The housing element should be coordinated with all other related plans supportive to the housing element such as utilities, human services programs, open space, recreation, trails, schools, churches, commercial areas, agriculture, transportation, and other community services and facilities.

C. Local Land Use Policies and Procedures: Zoning, subdivision regulations, timing of development, and permitting procedures have a direct, although not the major, impact on the cost of housing. Recognizing, therefore, that county government can contribute, at least in part, to stemming increases in housing costs, NACo recommends the following policies:

1. Inclusionary Zoning: Incentives such as inclusionary zoning and density bonuses should be enacted to expand affordable housing.

2. Permitting Processes: Legislation enacted by states or local governments involving zoning, subdivision regulation, or environmental protection, and their implementing regulations, should be reviewed regularly for consistency to reduce duplication, achieve simplicity (including those areas where regional qualification and criteria are necessary), and clarity.

The number of permits required for development should be reduced through consolidation of overlapping regulations. Intra-governmental and intergovernmental consolidation of hearings and interchange ability of approvals (or at least interchangeability of information requirements) can reduce delay while maintaining opportunities for public involvement.

Local governments should require that on-site improvements exclusively benefiting the home buyer be included as part of development costs. On and off-site improvements benefiting a population larger than the development should be shared between the developer and the community.

Counties should prepare housing and building permit registries which describe requirements, procedures, and regulations in specific terms. Application forms should be consolidated and/or standardized. Criteria for determination of application completeness should be developed and published. Preliminary conferences should be held with developers (particularly small or inexperienced ones) to assure that requirements, procedures, and regulations are clearly understood, and an early determination of application completeness should be made. Local governments should consider using a zoning hearing examiner as a way of reducing development processing time.

NACo commends the Department on its commitment to reducing regulatory barriers. However, it must be noted that zoning and land use decision making is an inherently local process, subject to a range of influences including market forces, citizen input and political realities. Moreover, there is a concern that some communities without the capacity to undertake technical or personnel changes necessary to implement practices that streamline permitting and zoning processes may lose important federal resources. Regardless, local governments are deeply committed to increasing the supply of affordable housing, and agrees that steps can be taken to reduce regulatory barriers.

ECONOMIC DEVELOPMENT

A. County Role in Economic Development: County officials should exercise strong leadership in creating a supportive environment for business investment by promoting diversified economies, providing quality education and training and involving the non-profit and private sectors. Economic development efforts benefit counties through the retention and creation of jobs, the broadening of county tax bases, and improvement of the overall quality of life. States should develop policies supporting business retention and expansion and implement

coordinated processes that involve county governments in initial business relocation decisions and promote positive county competition in attracting firms.

1. Economic Development Planning and Resource Development: County governments should adopt economic development as a high priority. These efforts should support public education and vocational and on-the-job training; develop programs that focus on welfare recipients, displaced workers, the unemployed and underemployed, disadvantaged youth, minority populations; veterans; and appropriately involve neighborhood groups and other special purpose organizations.

Counties should design and implement comprehensive economic development plans that are responsive to local needs. These long-range plans should guide county growth, development, and redevelopment. Counties should encourage the participation of city governments, public agencies, utilities, and the private sector in the formulation of economic development plans. County economic development plans should generate innovative financial strategies that leverage private investment through public-private partnerships.

2. Land Use: Locally adopted land use and zoning plans should serve as the basis for determining the best locations for economic development and redevelopment activities. These policies and plans should be sensitive to the needs for balanced growth. Plans and policies should strive to maintain the variety and quality of residential, commercial, and industrial uses, and preserve the environment and areas of historic significance.

3. Small and Medium Business Development: Counties must work with the SBA, and state and local financial institutions to develop and provide other sources of capital (grants/loans) to assure the availability of funds for small- and medium-size businesses. Whether the need be legal, financial, or marketing expertise, counties should disseminate information, and aggressively market services that are available and evaluate the effectiveness of these services. As a component of these efforts, counties should work with the private sector in facilitating the creation and expansion of minority- and women-owned business enterprises; and promote the development of small and medium size businesses.

To encourage the commercialization of technologies developed by small businesses, county governments should work closely with universities, business groups and the federal, state and city governments. Counties should strive to identify firms which export products and services to national and/or international markets.

4. Commemorative Projects: NACo supports county projects such as the National Underground Railroad Freedom Center, which will foster an open, continuous dialogue on the subject of freedom and commemorate the cooperation, courage, and extraordinary heroism of enslaved Americans who sought freedom and those who assisted them during the pursuit of that goal. NACo encourages counties to recognize and commemorate the commitment of individuals whose acts exemplify the American spirit of liberty and justice for all.

B. The Federal Role in Economic Development: NACo supports federal programs including EDA, SBA, and USDA Rural Development that recognize the importance of a federal role in state and local economic development and provide funding resources, bonds, information, and technical assistance to further this important role.

1. Clean Up and Redevelopment of Brownfields: The federal government should remove barriers and provide incentives for counties to identify and remediate contaminated abandoned or substantially underutilized industrial and commercial land (brownfields) as a catalyst for redevelopment of economically distressed areas.

NACo supports legislation to authorize a federal brownfields program that includes enhanced funding for counties. NACo urges that a portion of EPA funds be used for revolving loans for cleanup activities as well as for site assessments. Funds out of HUD and EDA should be used for planning projected uses and redevelopment of sites. However, local governments should be given flexibility in determining appropriate

uses. HUD money for brownfields should be freestanding, and not a set-aside out of CDBG. NACo supports the use of Superfund Trust Fund monies by EPA, with funds – preferably grants rather than loans – allocated directly to local governments for site assessments and cleanups of brownfield sites.

NACo supports voluntary cleanup programs operated by the states for brownfield sites, but urges that state programs be required to operate in conformity with existing minimum federal standards and guidelines. Counties should have the authority to request that EPA list a brownfield site on the Superfund national priorities list if, in the process of assessing a site, the county determines that it is more toxic than originally believed.

Brownfields are abandoned or underutilized commercial/industrial sites that often have environmental contamination related to their previous use, but are potential resources for community economic revitalization. Counties must be protected from potential future environmental problems related to inadequately cleaned-up brownfields. Redevelopment of these sites, in rural as well as urban counties, is one component of county government's broader interest in achieving sustainable development on a regional basis and reducing urban sprawl.

Many brownfield sites remain underutilized because funds are available neither to assess the presence and extent of contamination nor to clean up environmental hazards. Federal resources are essential for assessment and remediation, as well as to provide incentives for private investment. Flexibility in the types of federal assistance is critical because brownfield sites vary in their marketability, the magnitude of redevelopment activities necessary to attract investors, the type of private investment, and the projected rate of return to the investor.

Brownfields exist in rural as well and urban and suburban counties. Redevelopment of these abandoned or underutilized sites can stimulate economic revitalization in the surrounding areas, and preserve green space by providing an alternative to unchecked urban sprawl.

2. Superfund Program: NACo opposes the reduction of funding to the Superfund program, which provides for the assessment and cleanup of hazardous waste at contaminated and abandoned industrial sites. NACo supports full funding of federal programs that provide for the assessment, cleanup and redevelopment of brownfields sites. The adaptive reuse of brownfields sites will help revitalize distressed areas in communities. NACo opposes a reduction of funding for the Superfund program that would limit or diminish the effectiveness of federal, state or local efforts towards the revitalization of brownfields sites.

3. Sustainable Communities: NACo supports legislation that would encourage agencies at the federal and regional level to integrate housing, transportation, energy, and environmental planning to support sustainable development that makes the most efficient use of existing transportation and other infrastructure. It promotes future transportation and infrastructure, including water, sewer, and housing development, to maximize economic growth and the quality of life in a region while minimizing traffic congestion, environmental impacts, and energy use in urban, suburban, and rural areas.

4. Emerging Markets: Congress has passed emerging markets/renewal communities legislation. NACo supports efforts to open new markets in underserved areas where the economic boom has not reached, and supports promoting private sector investment in untapped markets. Investments should especially be focused on emerging minority businesses in order to address real growth in both the geographic and commercial potentials of underserved markets and the businesses serving those markets.

Certain sectors have not been targeted in promoting increased marketing and availability for business expansion despite having the necessary population and skilled workforce. Improving access to capital for low-income households, including minorities and traditionally underserved borrowers, by bringing private enterprise into underserved neighborhoods and communities should be encouraged.

5. Infrastructure and Public Works: Counties must provide and support sufficient infrastructure and support services to generate increased economic activity. To sustain and increase economic activity in counties, federal, state, and city governments must assist in the rehabilitation and expansion of physical infrastructure and support services, including transportation, utility, water treatment and waste management systems, and other essential services. Changes in federal regulations have significantly affected the cost of providing infrastructure capacity. Counties must work to ensure balanced regulations that protect the environment, but do not increase costs unreasonably. NACo strongly supports:

- a national commitment, shared by all levels of government and the private sector, to increase capital spending;
- more flexible administration of federal and state mandates to allow cost-effective methods of compliance;
- accelerated spending of the federal highway, transit, aviation, and waterways trust funds;
- removal of unwarranted limits on the ability of state and local governments to help themselves through tax-exempt financing and incentives, such as empowerment zones;
- a rational capital budgeting process at all levels of government; and
- funding the Resource Conservation and Development Program (RC and D) within the Agriculture Appropriations bill at \$54 million.

6. The New Homestead Economic Opportunity Act: NACo urges Congress to pass the New Homestead Act to strengthen rural counties suffering from high rates of outmigration.

7. Challenges and Local Impacts of Base Closure: The adverse economic impacts of military base closures and realignments are devastating for small or rural communities and metropolitan areas. Immediate effects include a loss of civilian and military jobs, an erosion of the tax base, increased local government costs in providing services to the base, the presence of substandard buildings and infrastructure that may not meet local codes, a decline in real estate values which can trigger a drop in property tax revenue, and adverse impacts on banks when homeowners are unable to pay their mortgages.

a. Federal Oversight of Base Closures: Efficient conversion of closed bases to productive civilian uses requires the coordinated efforts of several departments of the federal government. Conflicting missions within the Department of Defense (DoD) and among other federal departments and agencies have slowed the base reuse process and added to the difficulties communities face.

- Congress and DoD have made unrealistic estimates of the profits that the federal government will receive from reuse of closed installations. As a result, the conversion process is delayed, because base commanders are often forced to make economically unrealistic demands in the sale or lease of base facilities or commanders do not exercise their interim leasing authority, but instead turn this over to the disposal of leasing agencies.
- An Assistant Secretary of Defense should be appointed whose primary responsibilities are to ensure rapid conversion of facilities and economic development. This senior official must have the authority and responsibility to administer base closure activities for the three branches of the military and coordinate actions taken by federal departments and agencies which impact conversions. This official should engage in continuing dialogue with affected communities and provide a forum for communities to bring grievances, resolve disputes, and assure consistency in the interpretation and implementation of the same law. This office also would serve as a vital clearinghouse of best practices in the event that more base closures are authorized in the future.
- The Secretary of Defense should provide clear orders through the service secretaries to all commanders of installations designated for closure that their primary mission is to facilitate swift civilian reuse of the installation while minimizing adverse impacts on the community. Base commanders should be encouraged to enter into leases as they are authorized to do.

b. Economic Adjustment Assistance: To maximize the fiscal benefit of base closure, the federal government must assist in the rehabilitation of substandard base facilities and provide creative financing terms to purchasers or developers of closed bases. Economic Adjustment Assistance, from the Office of Economic Adjustment or the President’s Economic Adjustment Committee, is absolutely necessary. Such funding should not be limited to reuse planning, but should also be available for special projects on a discretionary basis and for preparing strategic marketing plans, including development, printing, and distribution of marketing materials.

“Bridge funding” to enable communities to assume responsibility for large airfields and other military facilities with civilian uses should continue for several years after closure, until the facilities can begin to generate revenue. To preserve taxpayers’ investment in these assets, facilities should be maintained, and equipment that is essential for their functioning should remain intact for long-term economic development following conversion.

To assist with economic stimulus, the federal government (and state governments) should enter into joint marketing agreements with local governments to promote development of these properties.

Continued support for projects related to base closure through EDA remains important. Affected local governments should be eligible for federal dollars which can be used for local priorities, including making loans or grants to businesses that utilize former bases. Any loan repayments should go into a revolving loan fund for use by local governments in financing additional conversion activities.

DoD must explore alternative methods to finance the transfer of bases out of federal ownership and the development of new, productive uses on the property. Financing often can be provided without expense to the federal government merely by extending the time period during which an installment purchase of a facility must be paid.

Coordinating the disposition and reuse plans with funding available through other federal departments, such as Labor and Transportation, will allow the federal government to obtain a greater overall, long-term value for closed bases while mitigating adverse local impacts.

The introduction of Economic Development Conveyances (EDCs) in recent years has been an innovative and important step in facilitating quicker redevelopment. No-cost EDCs have been of particular importance to rural communities that do not have the resources to buy base property for redevelopment. The further step in 1999 to both expand no-cost EDCs to all communities and to allow communities experiencing changed economic circumstances to renegotiate earlier EDC agreements has been integral in many reuse projects moving forward. DoD must continue to develop creative strategies such as this to help communities cope with base closure.

- Allow local reuse authorities to issue tax-exempt industrial development bonds, to serve as business incentives and provide financial support to local closure authorities during the conversion phase.
- Closing military bases should be made foreign trade zones and federal empowerment zones with the associated tax advantages and investment credits to enable them to attract private investment.
- Any national infrastructure financing program, such as MAP-21, should set aside funds for infrastructure improvements on former military installations.

c. Property Transfer: It is imperative to design and implement a review and transfer process that is consistent among the operating branches within DoD. This needs to be responsive to community reuse objectives and provide prompt transfer of property to accomplish early economic recovery.

- Interim leases should be longer than one year so that the local governing entity is better positioned to recruit private businesses and should be processed within sixty days as the law requires.
- DoD should act swiftly to implement P.L. 102-426. This law requires prompt identification, parcelization, and transfer of uncontaminated parcels of base property.
- Negotiated sales of base property should require congressional review only if valued at \$1 million or more. Current law requires congressional review for sales worth \$100,000 or more.
- In developing reuse plans, communities should take into consideration the needs of all citizens, including the homeless residing in the vicinity, in deciding the most appropriate use of the property. However, initiation of planning should not be delayed by a federal preference for use of the base by homeless providers. Instead, local redevelopment authorities should assist interested groups in evaluating property at the base, consult with representatives of homeless people, and take their proposed uses into account in developing a reuse plan.
- Key “personal property” items such as machinery, equipment, and rolling stock should also be made available to assist in local economic recovery.
- DoD should reexamine the policy which precludes the demolition of buildings prior to transferring bases. Many buildings are unusable because, for example, they contain asbestos, or do not comply with the Americans with Disabilities Act and state and local building codes.
- Interim agreements should give local governments preference in exercising police powers and rendering caretaker services. The federal government should reimburse local governments for maintenance costs.

d. Environmental Cleanup: Environmental contamination on bases must be cleaned to a standard that not only protects human health, but also permits reuse of the facility in accordance with locally generated, legally defensible land use plans without the local agencies or private sector having to incur additional cleanup costs in order to reuse the facility.

Local jurisdictions must have the opportunity to be active participants in all phases of environmental cleanup, including evaluation of site conditions and selection and implementation of remediation programs. The timetable for environmental impact statements, parcelization, and prioritization should be coordinated with civilian reuse plans.

A federal finance bank could be authorized to purchase federally guaranteed bonds to be issued by communities for local acquisition of closing base facilities and upgrade the property with minimal down payments and at low interest rates.

e. Job Retraining: The Dislocated Workers and Trade Adjustment Assistance Act administered under the Workforce Investment Act (WIA) currently serves displaced workers including those displaced due to defense downsizing.

WIA programs should continue to be utilized as the framework of any new comprehensive retraining program for dislocated workers.

f. Support for Non-Base Federal Installations: Appropriate support should be made available to communities impacted by the closure or significant downsizing of other non-base federal installations such as national laboratories, enrichment facilities and other DoD and Department of Energy facilities.

8. Trade Agreements: NACo is a strong supporter of free trade activities that enhance the economic base of local governments and promote county participation in the global economy. However, NACo opposes the adjudication of disputes arising out of trade agreements in a manner that preempts local government authority, circumvents domestic judicial processes, and grants greater rights to foreign investors than those guaranteed to U.S. citizens by federal, state, and local law.

NACo urges Congress to immediately review and create a report card on existing and new Free Trade Agreements to determine their effect on U.S. manufacturing industries, workers, and agriculture, and send the report back to NACo.

9. State Role in Economic Growth: The states are urged to involve counties and other local governments as full partners in planning and implementing statewide economic development strategies. Where authorized by law, states should work with county governments in the allocation of tax exempt bond authority and Low-Income Housing Tax Credits in order to achieve equitable distribution of these tools throughout the state. States should consider appropriate legislation which would provide a sound method for acquiring land for future public urban, suburban and rural development uses.

10. Regional Economic Development Commissions: NACo supports the concept of regional economic development commissions, which would facilitate comprehensive approaches to economic and infrastructure development in severely distressed counties, provided that funding for such commissions is not at the expense of funding for traditional economic development programs, such as Economic Development Districts.

11. Trade Assistance: NACo supports the concept of trade adjustment assistance for local governments. Many communities may experience a negative change in the local economy as the U.S. marketplace becomes more global. NACo believes that federal resources should be allocated to help alleviate the negative impacts of expanded trade practices, and help communities devise strategies for future economic viability.

Adopted July 17, 2012

COMMUNITY AND ECONOMIC DEVELOPMENT RESOLUTIONS

Resolution in Support of Legislation to Limit Closures of Post Office Facilities

Issue: The United States Postal Service (USPS) is considering closing 3,700 post office facilities across the country, most of which are located in rural America.

Adopted Policy: NACo urges support of legislation to ensure that all Americans have adequate access to post offices and facilities. There is bipartisan support for legislation that will require that postal facility closures cannot result in more than a ten-mile distance between post offices, measured on roads that are accessible year-round, or closure of existing distribution and processing facilities that would adversely impact delivery and economic competitiveness.

Adopted July 17, 2012

Resolution to Support the Reauthorization and Appropriations for the Economic Development Administration

Issue: Support appropriations and reauthorization legislation for the Economic Development Administration (EDA) to keep communities strong and economically viable at a time when our nation needs it the most.

Adopted Policy: NACo urges Congress to reauthorize and continue funding levels for the EDA programs at no less than the \$200 million contained in S. 2323, the FY 2013 Commerce, Justice, Science Appropriations bill.

Adopted July 17, 2012

Resolution on FY 2013 Appropriations for the Department of Housing and Urban Development

Issue: Support for FY 2013 Appropriations for the U.S. Department of Housing and Urban Development (HUD).

Adopted Policy: NACo urges Congress to support the following levels of funding for core HUD programs: no less than \$3.3 billion in Community Development Block Grant (CDBG) formula funding; no less than \$1.6 billion in formula funding for the HOME Investment Partnerships Program (HOME); \$1.9 billion for Homeless Housing Assistance grants, including an amount to fully fund expiring supportive housing and Shelter Plus Care rent subsidy contracts; full funding for existing Section 8 project-based and tenant-based contracts; and \$275 million

in Section 108 Loan Guarantee authority. This would restore funding for CDBG and HOME to their FY 2011 levels.

Adopted July 17, 2012

Resolution Supporting Middle Market Companies

Issue: Supporting Middle Market companies.

Adopted Policy: NACo supports sound policies that enhance access to capital and reduce redundant regulations to allow Middle Market companies to thrive and support economic recovery across the U.S.

Adopted July 17, 2012

Resolution Supporting the American Community Survey

Issue: Continued funding for the Census Bureau's American Community Survey (ACS).

Adopted Policy: NACo urges Congress to provide funding in the FY 2013 Commerce, Justice, Science and Related Agencies Appropriations Bill for the ACS because it provides vital economic, social and housing estimates from America's counties, cities and towns, congressional districts that are not provided anywhere else.

Adopted July 17, 2012

Resolution Supporting the New Markets Tax Credit Extension Act of 2011

Issue: Authority for the Treasury Department to allocate New Markets Tax Credits (NMTCs) which expired on December 31, 2011.

Adopted Policy: NACo supports "The New Markets Tax Credit Extension Act of 2011" (H.R. 2655, S. 996), which would extend the NMTC program for five years (through 2016) and provide \$5 billion in annual allocation authority. In addition, the legislation would provide an exemption from the Alternative Minimum Tax (AMT) for investments in NMTC, affording such investors the same favorable treatment as other tax credits, including the Low-Income Housing Tax Credit and the Historic Tax Credit.

Adopted July 17, 2012

Resolution Supporting the Section 8 Housing Choice Voucher Program

Issue: Support changes to the Section 8 Housing Choice Voucher Program.

Adopted Policy: NACo supports full funding for, and changes to, the Section 8 Housing Choice Voucher program.

Adopted July 17, 2012

Resolution Urging the Federal Housing Finance Agency to Finalize Regulations on Government-Sponsored Entities' Duty to Serve Obligation for Manufactured Housing

Issue: The Federal Housing Finance Agency (FHFA), which is the conservator of the Government-Sponsored Enterprises (GSE) Fannie Mae and Freddie Mac, has yet to finalize regulations proposed on June 7, 2010 which would specify the circumstances under which the GSEs would receive credit under their "Duty to Serve" obligation for manufactured housing.

Adopted Policy: NACo urges the FHFA to promulgate final regulations with respect to the GSE's duty to serve obligation for manufactured housing.

Adopted July 17, 2012

Resolution Supporting the Responsible Homeowner Refinancing Act

Issue: Supporting the Responsible Homeowner Refinancing Act of 2012.

Adopted Policy: NACo urges Congress pass the Responsible Homeowner Refinancing Act.

Adopted July 17, 2012