

108TH CONGRESS
1ST SESSION

H. R. 1480

To increase the expertise and capacity of community-based organizations involved in economic development activities and key community development programs.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2003

Mrs. JONES of Ohio (for herself, Mr. TIBERI, Ms. LEE, Mr. BLUMENAUER, Mr. ANDREWS, Mr. FATTAH, Ms. CARSON of Indiana, Mr. CLYBURN, Mr. BASS, Ms. CORRINE BROWN of Florida, Mr. HINOJOSA, Mr. LAMPSON, Mr. MEEKS of New York, Mr. DINGELL, Mr. DAVIS of Alabama, Ms. KAPTUR, Mr. KILDEE, Mr. RUSH, and Mr. WYNN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To increase the expertise and capacity of community-based organizations involved in economic development activities and key community development programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Economic
5 Development Expertise Enhancement Act of 2003”.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) CONGRESSIONAL FINDINGS.—The Congress finds
3 that—

4 (1) there are a multitude of community eco-
5 nomic development programs that the Federal Gov-
6 ernment successfully administers that help many of
7 the Nation’s most economically distressed areas revi-
8 talize their physical and economic structures and
9 provide support to small and medium-sized busi-
10 nesses to help them grow and generate long-term
11 jobs and economic opportunity;

12 (2) there are many nonprofit, nongovernmental,
13 community-based economic development organiza-
14 tions, including faith-based organizations, that have
15 successfully operated community economic develop-
16 ment programs that create jobs, build homes, and
17 revitalize local markets;

18 (3) existing Federal community economic devel-
19 opment programs are intended to leverage private
20 sector investment as part of an overall community
21 development effort;

22 (4) existing Federal community economic devel-
23 opment programs connect residents of distressed
24 neighborhoods to jobs and opportunities of the re-
25 gional marketplace, thereby replacing economic dis-
26 tress with opportunity;

1 (5) existing Federal community economic devel-
2 opment programs provide financial assistance, in-
3 cluding tax credits and loan guarantees, involve pri-
4 vate investment institutions and universities, and
5 provide technical expertise for small businesses;

6 (6) existing Federal community economic devel-
7 opment programs build upon ongoing efforts to en-
8 courage economic growth in distressed communities,
9 helping to create new affordable housing opportuni-
10 ties, allowing communities to address important pub-
11 lic safety, access to capital, infrastructure, and envi-
12 ronmental concerns, and providing social services in-
13 cluding affordable health care, transportation, child
14 care, and youth development;

15 (7) the continuing success of Federal commu-
16 nity economic development programs will depend in
17 great measure upon the ability of community-based
18 organizations and private sector institutions to form
19 partnerships that connect residents of distressed
20 neighborhoods to jobs and other opportunities;

21 (8) the Federal Government administers various
22 programs that employ the services and capabilities
23 of community-based organizations to deliver a wide
24 range of services to residents of distressed commu-
25 nities;

1 (9) Federal community economic development
2 programs help achieve lasting improvement and en-
3 hance domestic prosperity by the establishment of
4 stable and diversified local economies, sustainable
5 development, and improved local conditions;

6 (10) there is a need for greater cooperation be-
7 tween the Federal Government, States, and other
8 entities to ensure that, consistent with national com-
9 munity economic development objectives, Federal
10 programs are compatible with, and further the objec-
11 tives of, State, regional, and local economic develop-
12 ment plans and comprehensive economic develop-
13 ment strategies;

14 (11) while economic development is an inher-
15 ently local process, the Federal Government should
16 work in closer partnership with community-based
17 economic development organizations to ensure that
18 existing resources are fully utilized and all Ameri-
19 cans have an opportunity to participate in the eco-
20 nomic growth of the United States; and

21 (12) extending technical assistance to commu-
22 nity-based economic development organizations may
23 be necessary or desirable to—

24 (A) alleviate economic distress;

1 (B) encourage and support public-private
2 partnerships for the formation and improve-
3 ment of economic development strategies that
4 promote the growth of the national economy;

5 (C) stimulate modernization and techno-
6 logical advances in the generation and commer-
7 cialization of goods and services; and

8 (D) enhance the effectiveness of United
9 States companies in the global economy.

10 (b) PURPOSES.—The purposes of this Act are—

11 (1) to provide a new source of Federal funding
12 to enhance the capabilities of nonprofit, nongovern-
13 mental, community-based economic development or-
14 ganizations, or collaborations of such organizations,
15 to leverage private sector investment as part of an
16 overall community development strategy;

17 (2) to establish educational programs for non-
18 profit, nongovernmental, community-based organiza-
19 tions to expand their project development capabili-
20 ties;

21 (3) to increase the use of tax incentives to le-
22 verage private sector investment in community eco-
23 nomic development projects;

1 (4) to promote and facilitate investments in
2 community-based economic development projects
3 from traditional and nontraditional capital sources;

4 (5) to encourage partnerships between commu-
5 nity-based organizations that will expand and en-
6 hance the expertise of emerging such nonprofit, non-
7 governmental organizations in utilizing private sec-
8 tor investment as part of their comprehensive com-
9 munity development strategies; and

10 (6) to ensure that viable community economic
11 development projects are successfully pursued
12 throughout the United States in communities having
13 a wide range of economic, geographic, and social
14 characteristics.

15 **SEC. 3. GRANTS TO INCREASE CAPACITY AND EXPERTISE**
16 **OF NONPROFIT, NONGOVERNMENTAL COM-**
17 **MUNITY-BASED ORGANIZATIONS INVOLVED**
18 **IN COMMUNITY ECONOMIC DEVELOPMENT**
19 **ACTIVITIES.**

20 (a) GRANT AUTHORITY.—The Secretary of Housing
21 and Urban Development may make grants under this sec-
22 tion only to eligible community-based economic develop-
23 ment organizations only for the purposes under subsection
24 (c).

1 (b) ELIGIBLE COMMUNITY-BASED ECONOMIC DE-
2 VELOPMENT ORGANIZATIONS.—For purposes of this sec-
3 tion, the term “eligible community-based economic devel-
4 opment organization” means a community-based economic
5 development organization (as such term is defined under
6 section 7), or a collaboration of such organizations (such
7 as city or state community economic development associa-
8 tions), that demonstrates management capacity by meet-
9 ing, as determined by the Secretary, two or more of the
10 following requirements:

11 (1) AFFORDABLE HOUSING.—Having completed
12 construction of 10 or more dwelling units of afford-
13 able housing.

14 (2) FACILITIES.—Having completed construc-
15 tion of a commercial, industrial, retail, or commu-
16 nity facility project.

17 (3) PARTNERING.—Partnering, or having a his-
18 tory of partnering, with community-based economic
19 development organizations to provide training, edu-
20 cation, capacity, technical assistance, or other men-
21 toring services.

22 (4) SUPPORT OF EMERGING ORGANIZATIONS.—
23 Exhibiting willingness to form operational partner-
24 ships and execute contractual agreements with

1 emerging community-based economic development
2 organizations.

3 (5) OWNERSHIP OF ASSETS.—Having owner-
4 ship of tangible assets the value of which are equal
5 to or exceed the value of the grant requested under
6 this section.

7 (c) USE OF FUNDS.—

8 (1) PURPOSES.—Amounts from grants under
9 this section may be used only for the following pur-
10 poses:

11 (A) SALARIES AND ADMINISTRATIVE EX-
12 PENSES.—For salaries or administrative ex-
13 penses of the grantee or an emerging commu-
14 nity-based economic development organization
15 that is undertaking a community economic de-
16 velopment project.

17 (B) TECHNICAL ASSISTANCE.—To provide
18 technical assistance to an emerging community-
19 based economic development organization that
20 is undertaking a community economic develop-
21 ment project.

22 (C) TRAINING AND RESEARCH.—Through
23 subgrants pursuant to paragraph (2), for train-
24 ing, research, and technical assistance relating
25 to community economic development, including

1 subgrants for program evaluation and economic
2 impact analyses.

3 (2) EXPENDITURE.—Amounts from grants
4 under this section may be used directly by the eligi-
5 ble community-based economic development organi-
6 zation receiving the grant or redistributed by such
7 recipient to other nonprofit, nongovernmental enti-
8 ties in grants, loans, loan guarantees, payments to
9 reduce interest on loan guarantees, or other appro-
10 prium assistance, except that a recipient may not
11 provide any such assistance from grant amounts to
12 a private, for-profit entity.

13 (d) SELECTION CRITERIA.—The Secretary shall issue
14 rules, guidelines, and procedures to provide for the selec-
15 tion of eligible community-based economic development or-
16 ganizations for grants under this section, based upon a
17 determination of the relative effectiveness of such organi-
18 zations in carrying out the purposes of this Act. Such
19 rules, guidelines, and procedures shall provide for consid-
20 eration of the following factors:

21 (1) The number of such organizations eligible
22 to receive assistance under existing programs other
23 than this section.

24 (2) The extent to which grant amounts pro-
25 vided under this section will enhance the capabilities

1 of community-based economic development organiza-
2 tions in underserved States and localities.

3 (3) The extent to which an eligible community-
4 based economic development organization applying
5 for a grant does not have access to other traditional
6 local financial sources.

7 (4) The extent to which such an organization
8 represents nonprofit, nongovernmental organizations
9 that serve low-income communities and persons.

10 (5) The extent to which such an organization
11 will implement a plan to become financially sustain-
12 able.

13 (e) AMOUNT.—A grant under this section to a single
14 grantee shall be in an amount that is not less than
15 \$250,000 and does not exceed \$1,000,000.

16 (f) PROHIBITION OF MATCHING FUNDS REQUIRE-
17 MENT.—The Secretary may not require a grantee under
18 this section to provide amounts from sources other than
19 this section to fund the specific activities to be carried out
20 with grant amounts under this section.

21 (g) ELIGIBILITY FOR COMMUNITY REINVESTMENT
22 ACT CREDITS.—In assessing and taking into account,
23 under section 804(a) of the Community Reinvestment Act
24 of 1977, the record of any regulated financial institution,
25 the appropriate Federal financial supervisory agency (as

1 defined in section 803(1) of such Act) may consider as
2 a factor investments in community economic development
3 projects of eligible community-based economic develop-
4 ment organizations in determining whether the institution
5 is meeting the credit needs of its community for purposes
6 of such section 804(a).

7 (h) AUTHORIZATION OF APPROPRIATIONS.—

8 (1) IN GENERAL.—There are authorized to be
9 appropriated for grants under this section
10 \$75,000,000 for each of fiscal years 2004, 2005,
11 and 2006.

12 (2) SET-ASIDE FOR TECHNICAL ASSISTANCE
13 AND TRAINING.—Of the amount made available
14 under this Act for each fiscal year, \$10,000,000
15 shall be available only for technical assistance and
16 training activities, to be conducted by national com-
17 munity development organizations, state community
18 development associations, or city community develop-
19 ment associations, which have extensive nationwide
20 partnerships and experience in working with commu-
21 nity-based economic development organizations, as
22 authorized by section 4 of the HUD Demonstration
23 Act of 1993 (42 U.S.C. 9816 note), as in effect im-
24 mediately before May 1, 2000. Of the amount re-
25 served for use under this paragraph, not less than

1 \$4,000,000 shall be used for the support of develop-
2 ment organizations in rural areas.

3 **SEC. 4. ASSESSMENT OF COMMUNITY-BASED ECONOMIC**
4 **DEVELOPMENT EXPERTISE.**

5 (a) CAPABILITY STUDY.—The Secretary shall con-
6 duct a study to assess the capability needs of community-
7 based economic development organizations, which shall—

8 (1) analyze, evaluate, and recommend processes
9 to improve the administrative and operational capa-
10 bilities of such organizations to acceptable levels of
11 success in support of the role of the Federal Govern-
12 ment in community economic development; and

13 (2) assess the extent to which federal agencies
14 can incorporate such organizations into the formula-
15 tion of the strategic plans of funding agencies and,
16 if the extent or quality of this type of involvement
17 is satisfactory, can support the role of the federal
18 government in community economic development.

19 The Secretary shall submit a report regarding the results
20 of the study under this subsection not later than the expi-
21 ration of the 6-month period beginning on the date of the
22 enactment of this Act.

23 (b) ANNUAL REPORTS TO CONGRESS.—Not later
24 than the first March 1 occurring after the end of each
25 fiscal year for which amounts are made available for

1 grants under section 3, the Secretary shall submit a report
2 to the Congress, which shall include—

3 (1) an evaluation of the progress made during
4 such fiscal year to enhance the administrative and
5 operational capabilities of community-based eco-
6 nomic development organizations in support of the
7 role of the Federal Government in community eco-
8 nomic development;

9 (2) an assessment of the extent to which Fed-
10 eral agencies have, during such fiscal year, involved
11 community-based economic development organiza-
12 tions in responsibilities for carrying out community
13 economic development programs administered by the
14 agencies and delivering services under such pro-
15 grams that enhance the operational capabilities of
16 the organizations; and

17 (3) a plan for making recommendations for ac-
18 tions or measures to further involve community-
19 based economic development organizations in the
20 strategic operations of Federal agencies in support
21 of community economic development.

22 (c) FINAL EVALUATION.—The Secretary shall select
23 an independent entity that has experience with national
24 community economic development activities, nonprofit
25 community-based developers, and impact evaluation and

1 analysis to conduct an evaluation of the impact of the
2 grant program under section 3. The evaluation shall be
3 conducted upon the termination of the program. Not later
4 than 6 months after the conclusion of the last fiscal year
5 for which amounts are made available for grants under
6 section 3, the entity conducting the evaluation shall sub-
7 mit to the Secretary and the Congress a final report re-
8 garding the evaluation.

9 **SEC. 5. ADVISORY COUNCIL.**

10 (a) **ESTABLISHMENT AND DUTIES.**—The Secretary
11 shall establish an advisory council to be known as the Sec-
12 retary’s Advisory Council on Community Economic Devel-
13 opment (in this section referred to as the “Advisory Coun-
14 cil”). The Advisory Council shall make recommendations
15 to the Secretary on carrying out this Act, including rec-
16 ommendations on developing plans under section 4(b)(3)
17 and reviewing and making recommendations on such plans
18 that have been developed.

19 (b) **MEMBERSHIP.**—The Advisory Council shall con-
20 sist of not less than 19 members, appointed by the Sec-
21 retary, as follows:

22 (1) **EX OFFICIO MEMBERS.**—The following
23 members, who shall serve as nonvoting members:

24 (A) The Secretary of Housing and Urban
25 Development, or the designee of such Secretary.

1 (B) The Secretary of Health and Human
2 Services, or the designee of such Secretary.

3 (C) The Assistant Secretary for Economic
4 Development of the Department of Commerce,
5 or the designee of the Assistant Secretary.

6 (D) The Administrator of the Community
7 Development Financial Institutions Fund, or
8 the designee of the Administrator.

9 (E) The Under Secretary of Agriculture
10 for Rural Development, or the designee of the
11 Under Secretary.

12 (2) OTHER MEMBERS.—No fewer than 14
13 members, who are not officers or employees of the
14 Federal Government, who shall serve as voting mem-
15 bers:

16 (A) No fewer than 2 individuals who con-
17 duct research on community economic develop-
18 ment activities.

19 (B) No fewer than 2 individuals who are
20 experts in community economic development fi-
21 nancing.

22 (C) No fewer than 3 individuals who are
23 publicly elected officials.

24 (D) No fewer than 7 individuals who are
25 representatives of community-based economic

1 development organizations that carry out com-
2 munity economic development activities.

3 (c) TRAVEL EXPENSES.—Members of the Advisory
4 Council shall not receive any pay by reason of their service
5 on the Advisory Council, but shall receive travel expenses,
6 including per diem in lieu of subsistence, in accordance
7 with sections 5702 and 5703 of title 5, United States
8 Code.

9 **SEC. 6. COORDINATION WITH PRESIDENT'S ANNUAL BUDG-**
10 **ET REQUEST.**

11 The President of the United States shall include, to-
12 gether with each annual budget of the United States Gov-
13 ernment required to be submitted under section 1105(a)
14 of title 31, United States Code, a report regarding Federal
15 financial support for community economic development
16 that includes—

17 (1) a detailed summary of the total level of
18 funding committed to community-based economic de-
19 velopment organizations throughout all Federal
20 agencies;

21 (2) a statement of projected funding levels for
22 the grant program under section 3 of this Act for
23 the upcoming fiscal year and each fiscal year there-
24 after until 2010, and projected funding levels for fi-
25 nancial assistance for economic development activi-

1 ties for each Federal agency that provides such as-
2 sistance;

3 (3) an identification and analysis of the method
4 (including grant agreements, procurement contracts,
5 and cooperative agreements (as such terms are used
6 in chapter 63 of title 31, United States Code) by
7 which such financial assistance is provided for each
8 such economic development activity; and

9 (4) Recommendations for specific activities and
10 measures to enhance community-based economic de-
11 velopment capacity building in states having less
12 concentrated economic and infrastructure resources
13 and to strengthen nationwide community-based eco-
14 nomic development.

15 **SEC. 7. DEFINITIONS.**

16 For purposes of this Act, the following definitions
17 shall apply:

18 (1) COMMUNITY-BASED ECONOMIC DEVELOP-
19 MENT ORGANIZATION.—

20 (A) IN GENERAL.—For purposes of this
21 section, the term “community-based economic
22 development organization” means a nonprofit,
23 nongovernmental organization that—

24 (i) has as its primary mission to
25 serve, or provide investment capital for,

1 low-income communities and low-income
2 persons; and

3 (ii)(I) maintains accountability to resi-
4 dents of low-income communities through
5 their representation on any governing
6 board of the organization or on any advi-
7 sory board to the organization; or

8 (II) maintains accountability to low-
9 income communities by having a board pri-
10 marily consisting of leaders of community-
11 based development organizations from its
12 region or State on its governing board.

13 (B) NONDISCRIMINATION AGAINST FAITH-
14 BASED ORGANIZATIONS.—Such term shall in-
15 clude any faith-based organization that complies
16 with the requirements under clauses (i) and (ii)
17 of subparagraph (A).

18 (C) TREATMENT OF COMMUNITY DEVEL-
19 OPMENT FINANCIAL INSTITUTIONS.—The re-
20 quirements of subparagraph (A) shall be treat-
21 ed as met by any community development fi-
22 nancial institution (as such term is defined in
23 section 103 of the Community Development
24 Banking and Financial Institutions Act of 1994
25 (12 U.S.C. 4702).

1 (2) COMMUNITY ECONOMIC DEVELOPMENT
2 PROJECT.—The term “community economic develop-
3 ment project” means a project that involves—

4 (A) investment in business enterprises, in-
5 cluding investments in the form of loan origina-
6 tion, equity investment, and monetary assist-
7 ance to home buyers or to business owners for
8 business development projects; or

9 (B) the construction or rehabilitation of fa-
10 cilities, including commercial or industrial facili-
11 ties, homes, apartment buildings, and commu-
12 nity parks.

13 (3) LOW-INCOME COMMUNITIES AND PER-
14 SONS.—The terms “low-income communities” and
15 “low-income persons” shall have the meanings given
16 such terms in section 45D of the Internal Revenue
17 Code of 1986 (26 U.S.C. 45D).

18 (4) SECRETARY.—The term “Secretary” means
19 the Secretary of Housing and Urban Development.

○