

108TH CONGRESS  
1ST SESSION

# S. 1711

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

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 3, 2003

Mr. CORZINE introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## 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”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) CONGRESSIONAL FINDINGS.—Congress finds  
8 that—

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

9           (2) there are many nonprofit, nongovernmental,  
10          community-based economic development organiza-  
11          tions that have successfully operated community eco-  
12          nomic development programs that create jobs, build  
13          homes, and revitalize local markets;

14          (3) existing Federal community economic devel-  
15          opment programs are intended to leverage private  
16          sector investment as part of an overall community  
17          development effort;

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

23          (5) existing Federal community economic devel-  
24          opment programs provide financial assistance, in-  
25          cluding tax credits and loan guarantees, involve pri-

1 vate investment institutions and universities, and  
2 provide technical expertise for small businesses;

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

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

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

23 (9) Federal community economic development  
24 programs help achieve lasting improvement and en-  
25 hance domestic prosperity by the establishment of

1 stable and diversified local economies, sustainable  
2 development, and improved local conditions;

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

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

18 (12) extending technical assistance to commu-  
19 nity-based economic development organizations may  
20 be necessary or desirable to—

21 (A) alleviate economic distress;

22 (B) encourage and support public-private  
23 partnerships for the formation and improve-  
24 ment of economic development strategies that  
25 promote the growth of the national economy;

1 (C) stimulate modernization and techno-  
2 logical advances in the generation and commer-  
3 cialization of goods and services; and

4 (D) enhance the effectiveness of United  
5 States companies in the global economy.

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

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

13 (2) to establish educational programs for non-  
14 profit, nongovernmental, community-based organiza-  
15 tions to expand their project development capabili-  
16 ties;

17 (3) to increase the use of tax incentives to le-  
18 verage private sector investment in community eco-  
19 nomic development projects;

20 (4) to promote and facilitate investments in  
21 community-based economic development projects  
22 from traditional and nontraditional capital sources;

23 (5) to encourage partnerships between commu-  
24 nity-based organizations that will expand and en-  
25 hance the expertise of emerging nonprofit, non-

1 governmental organizations in utilizing private sec-  
2 tor investment as part of their comprehensive com-  
3 munity development strategies; and

4 (6) to ensure that viable community economic  
5 development projects are successfully pursued  
6 throughout the United States in communities having  
7 a wide range of economic, geographic, and social  
8 characteristics.

9 **SEC. 3. DEFINITIONS.**

10 In this Act:

11 (1) COMMUNITY-BASED ECONOMIC DEVELOP-  
12 MENT ORGANIZATION.—

13 (A) IN GENERAL.—The term “community-  
14 based economic development organization”  
15 means a nonprofit, nongovernmental organiza-  
16 tion that—

17 (i) has as its primary mission to  
18 serve, or provide investment capital for,  
19 low-income communities; and

20 (ii) maintains accountability—

21 (I) to residents of low-income  
22 communities through their representa-  
23 tion on any governing board of the or-  
24 ganization or on any advisory board  
25 to the organization; or

1                   (II) to low-income communities by  
2                   having a board primarily consisting of  
3                   leaders of community-based development  
4                   organizations from its region or State on  
5                   its governing board.

6                   (B) TREATMENT OF COMMUNITY DEVEL-  
7                   OPMENT FINANCIAL INSTITUTIONS.—The re-  
8                   quirements of subparagraph (A) shall be treat-  
9                   ed as met by any community development fi-  
10                  nancial institution (as such term is defined in  
11                  section 103 of the Community Development  
12                  Banking and Financial Institutions Act of 1994  
13                  (12 U.S.C. 4702)).

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

17                         (A) investment in business enterprises, in-  
18                         cluding investments in the form of loan origina-  
19                         tion, equity investment, and monetary assist-  
20                         ance to home buyers or to business owners for  
21                         business development projects; or

22                         (B) the construction or rehabilitation of fa-  
23                         cilities, including commercial or industrial facili-  
24                         ties, homes, apartment buildings, and commu-  
25                         nity parks.

1           (3) **LOW-INCOME COMMUNITIES.**—The term  
 2           “low-income communities” shall have the meaning  
 3           given to such term in section 45D of the Internal  
 4           Revenue Code of 1986 (26 U.S.C. 45D).

5           (4) **SECRETARY.**—The term “Secretary” means  
 6           the Secretary of Housing and Urban Development.

7 **SEC. 4. GRANTS TO INCREASE CAPACITY AND EXPERTISE**  
 8                           **OF NONPROFIT, NONGOVERNMENTAL COM-**  
 9                           **MUNITY-BASED ORGANIZATIONS INVOLVED**  
 10                          **IN COMMUNITY ECONOMIC DEVELOPMENT**  
 11                          **ACTIVITIES.**

12          (a) **GRANT AUTHORITY.**—The Secretary may make  
 13          grants under this section to eligible community-based eco-  
 14          nomic development organizations for the purposes de-  
 15          scribed in subsection (c).

16          (b) **ELIGIBLE COMMUNITY-BASED ECONOMIC DE-**  
 17          **VELOPMENT ORGANIZATIONS.**—For purposes of this sec-  
 18          tion, the term “eligible community-based economic devel-  
 19          opment organization” means a community-based economic  
 20          development organization (as such term is defined under  
 21          section 3), or a collaboration of such organizations (such  
 22          as city or State community economic development associa-  
 23          tions), that demonstrates management capacity by meet-  
 24          ing, as determined by the Secretary, 2 or more of the fol-  
 25          lowing requirements:

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

4           (2) FACILITIES.—Having completed construc-  
5 tion of a commercial, industrial, retail, or commu-  
6 nity facility project.

7           (3) PARTNERING.—Partnering, or having a his-  
8 tory of partnering, with community-based economic  
9 development organizations to provide training, edu-  
10 cation, capacity, technical assistance, or other men-  
11 toring services.

12           (4) SUPPORT OF EMERGING ORGANIZATIONS.—  
13 Exhibiting willingness to form operational partner-  
14 ships and execute contractual agreements with  
15 emerging community-based economic development  
16 organizations.

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

21           (c) USE OF FUNDS.—

22           (1) PURPOSES.—Amounts from grants under  
23 this section may be used for the following purposes:

24                   (A) SALARIES AND ADMINISTRATIVE EX-  
25 PENSES.—For salaries or administrative ex-

1           penses of the grantee or an emerging commu-  
2           nity-based economic development organization  
3           that is undertaking a community economic de-  
4           velopment project.

5           (B) TECHNICAL ASSISTANCE.—To provide  
6           technical assistance to an emerging community-  
7           based economic development organization that  
8           is undertaking a community economic develop-  
9           ment project.

10          (C) TRAINING AND RESEARCH.—Through  
11          subgrants pursuant to paragraph (2), for train-  
12          ing, research, and technical assistance relating  
13          to community economic development, including  
14          subgrants for program evaluation and economic  
15          impact analyses.

16          (2) EXPENDITURE.—Amounts from grants  
17          under this section may be used directly by the eligi-  
18          ble community-based economic development organi-  
19          zation receiving the grant or redistributed by such  
20          recipient to other nonprofit, nongovernmental enti-  
21          ties in grants, loans, loan guarantees, payments to  
22          reduce interest on loan guarantees, or other appro-  
23          priate assistance, except that a recipient may not  
24          provide any such assistance from grant amounts to  
25          a private, for-profit entity.

1 (d) SELECTION CRITERIA.—

2 (1) IN GENERAL.—The Secretary shall issue  
3 rules, guidelines, and procedures to provide for the  
4 selection of eligible community-based economic devel-  
5 opment organizations for grants under this section,  
6 based upon a determination of the relative effective-  
7 ness of such organizations in carrying out the pur-  
8 poses of this Act.

9 (2) FACTORS.—The rules, guidelines, and pro-  
10 cedures issued in accordance with paragraph (1)  
11 shall provide for consideration of—

12 (A) the number of such organizations eligi-  
13 ble to receive assistance under existing pro-  
14 grams other than this section;

15 (B) the extent to which grant amounts  
16 provided under this section will enhance the ca-  
17 pabilities of community-based economic develop-  
18 ment organizations in underserved States and  
19 localities;

20 (C) the extent to which an eligible commu-  
21 nity-based economic development organization  
22 applying for a grant does not have access to  
23 other traditional local financial sources;

24 (D) the extent to which such an organiza-  
25 tion represents nonprofit, nongovernmental or-

1 organizations that serve low-income communities;  
2 and

3 (E) the extent to which such an organiza-  
4 tion will implement a plan to become financially  
5 sustainable.

6 (e) AMOUNT.—A grant under this section to a single  
7 grantee shall be in an amount that is not less than  
8 \$250,000 and does not exceed \$1,000,000.

9 (f) PROHIBITION OF MATCHING FUNDS REQUIRE-  
10 MENT.—The Secretary may not require a grantee under  
11 this section to provide amounts from sources other than  
12 this section to fund the specific activities to be carried out  
13 with grant amounts under this section.

14 (g) ELIGIBILITY FOR COMMUNITY REINVESTMENT  
15 ACT CREDITS.—In assessing and taking into account,  
16 under section 804(a) of the Community Reinvestment Act  
17 of 1977 (12 U.S.C. 2903(a), the record of any regulated  
18 financial institution, the appropriate Federal financial su-  
19 pervisory agency (as defined in section 803(1) of such Act  
20 (12 U.S.C. 2902(1)) may consider as a factor investments  
21 in community economic development projects of eligible  
22 community-based economic development organizations in  
23 determining whether the institution is meeting the credit  
24 needs of its community for purposes of such section  
25 804(a).

1 (h) AUTHORIZATION OF APPROPRIATIONS.—

2 (1) IN GENERAL.—There are authorized to be  
3 appropriated for grants under this section  
4 \$75,000,000 for each of fiscal years 2004, 2005,  
5 and 2006.

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

22 **SEC. 5. ASSESSMENT OF COMMUNITY-BASED ECONOMIC**  
23 **DEVELOPMENT EXPERTISE.**

24 (a) CAPABILITY STUDY.—

1           (1) IN GENERAL.—The Secretary shall conduct  
2 a study to assess the capability needs of community-  
3 based economic development organizations, which  
4 shall—

5           (A) analyze, evaluate, and recommend  
6 processes to improve the administrative and  
7 operational capabilities of such organizations to  
8 acceptable levels of success in support of the  
9 role of the Federal Government in community  
10 economic development; and

11           (B) assess the extent to which Federal  
12 agencies can incorporate such organizations  
13 into the formulation of the strategic plans of  
14 funding agencies and, if the extent or quality of  
15 this type of involvement is satisfactory, can sup-  
16 port the role of the Federal government in com-  
17 munity economic development.

18           (2) REPORT.—Not later than the expiration of  
19 the 6-month period beginning on the date of enact-  
20 ment of this Act, the Secretary shall submit a report  
21 regarding the results of the study under this para-  
22 graph (1).

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 4, the Secretary shall submit a report  
2 to 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.—

23 (1) IN GENERAL.—The Secretary shall select an  
24 independent entity that has experience with national  
25 community economic development activities, non-

1 profit community-based developers, and impact eval-  
2 uation and analysis to conduct an evaluation of the  
3 impact of the grant program under section 4.

4 (2) TIMING OF EVALUATION.—The evaluation  
5 referred to in paragraph (1) shall be conducted upon  
6 the termination of the grant program under section  
7 4.

8 (3) FINAL REPORT.—Not later than 6 months  
9 after the conclusion of the last fiscal year for which  
10 amounts are made available for grants under section  
11 4, the entity conducting the evaluation shall submit  
12 to the Secretary and Congress a final report regard-  
13 ing the evaluation referred to in paragraph (1).

14 **SEC. 6. ADVISORY COUNCIL.**

15 (a) ESTABLISHMENT.—The Secretary shall establish  
16 an advisory council to be known as the Secretary’s Advi-  
17 sory Council on Community Economic Development (in  
18 this section referred to as the “Advisory Council”).

19 (b) DUTIES.—The Advisory Council shall make rec-  
20 ommendations to the Secretary on carrying out this Act,  
21 including recommendations on developing plans under sec-  
22 tion 5(b)(3) and reviewing and making recommendations  
23 on such plans that have been developed.

24 (c) MEMBERSHIP.—The Advisory Council shall con-  
25 sist of not less than 19 members, comprised as follows:

1           (1) EX OFFICIO MEMBERS.—The following  
2 members shall serve as nonvoting members:

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

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

7           (C) The Assistant Secretary for Economic  
8 Development of the Department of Commerce,  
9 or the designee of the Assistant Secretary.

10          (D) The Administrator of the Community  
11 Development Financial Institutions Fund, or  
12 the designee of the Administrator.

13          (E) The Under Secretary of Agriculture  
14 for Rural Development, or the designee of the  
15 Under Secretary.

16          (2) OTHER MEMBERS.—Not less than 14 mem-  
17 bers, appointed by the Secretary, who are not offi-  
18 cers or employees of the Federal Government, shall  
19 serve as voting members as follows:

20          (A) Not less than 2 individuals who con-  
21 duct research on community economic develop-  
22 ment activities.

23          (B) Not less than 2 individuals who are ex-  
24 perts in community economic development fi-  
25 nancing.

1 (C) Not less than 3 individuals who are  
2 publicly elected officials.

3 (D) Not less than 7 individuals who are  
4 representatives of community-based economic  
5 development organizations that carry out com-  
6 munity economic development activities.

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

13 **SEC. 7. COORDINATION WITH PRESIDENT'S ANNUAL BUDG-**  
14 **ET REQUEST.**

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

21 (1) a detailed summary of the total level of  
22 funding committed to community-based economic de-  
23 velopment organizations throughout all Federal  
24 agencies;

25 (2) a statement of—

1 (A) projected funding levels for the grant  
2 program under section 4 of this Act for the up-  
3 coming fiscal year and each fiscal year there-  
4 after until 2010; and

5 (B) projected funding levels for financial  
6 assistance for economic development activities  
7 for each Federal agency that provides such as-  
8 sistance;

9 (3) an identification and analysis of the method  
10 (including grant agreements, procurement contracts,  
11 and cooperative agreements, as such terms are used  
12 in chapter 63 of title 31, United States Code) by  
13 which such financial assistance is provided for each  
14 such economic development activity; and

15 (4) recommendations for specific activities and  
16 measures to—

17 (A) enhance community-based economic  
18 development capacity building in States having  
19 less concentrated economic and infrastructure  
20 resources; and

21 (B) strengthen nationwide community-  
22 based economic development.

○