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California Association for Local Economic Development

Federal Stimulus Recommendations

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- ❖ Use EDA to administer a large portion of the stimulus dollars, but adjust the EDA process to look more like the Office of Economic Adjustment Program at the Defense Department.
- ❖ Create a Treasury Fund that all existing Federal State and local programs can use to guarantee and/or provide credit enhancement to support private and public sector lending.
- ❖ Encourage Regulatory Flexibility.
- ❖ Expand and overlay federal enterprise zones on top of existing state enterprise zones.
- ❖ Declare this economic crisis as an “urgent need” for existing CDBG and stimulus funds (if any). Require 50% of any CDBG stimulus funds go for economic development.
- ❖ All workforce stimulus funds should be demand driven and passed through organizations like the Community Colleges and programs like the Employment Training Panel.
- ❖ Create a federal tax credit for business to invest in local economic development.
- ❖ Provide matching dollars for approved state and local bond issues.
- ❖ Encourage pension fund investing in municipal bonds and Industrial Revenue Bonds.
- ❖ Significantly bolster all SBA lending and other federal agency lending programs.
- ❖ Provide for a strong and diversified (beyond affordable housing) Community Reinvestment Act and expand this to all financial institutions, insurance companies, etc.
- ❖ Allocate \$1 billion of the 700 Billion TARP funds to CDFIs and other community NPOs.
- ❖ Fund additional New Market Tax Credit applications beyond what was awarded this year.
- ❖ Utilize Treasury funds to purchase SBA 7a loans and SBA 504 First Trust Deed loans to free up the secondary market for these programs and provide needed liquidity for lenders. Reduce fees on SBA 7a program for non-real estate loans.
- ❖ Reduce the costs of the SBA 504 program as an as an incentive to job creation.
- ❖ Utilize CDCs and other non-traditional lenders to finance commercial real estate, particularly owner-occupied retrofits for energy efficiency.
- ❖ Require banks that received bail out funds to use those funds for loans.
- ❖ Require every financial institution to make personal contact with holders of sub prime or alt-A mortgage for the purpose of restructuring those loans into conventional loans.
- ❖ Provide federal guarantees for repayment of tax-exempt municipal bonds.
- ❖ Assure that any public works stimulus program emphasizes investment in public transit.
- ❖ Hold-up all or a portion of the EDA related changes related to loan guarantees (deadline is 12/22/08).
- ❖ Create one-stop-shop business credit web site for all programs.