

**The Honorable Harry Reid  
Senate Majority Leader  
S-221 United States Capitol  
Washington, DC 20510**

**The Honorable Mitch McConnell  
Senate Minority Leader  
S-230 United States Capitol  
Washington, DC 20510**

**The Honorable Nancy Pelosi  
Speaker of the House of Representative  
H-232 Capitol Building  
Washington, DC 20515**

**The Honorable John A. Boehner  
House Minority Leader  
H-204 Capitol Building  
Washington, DC 20515**

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Dear Congressional Leaders:

As Congress considers legislation designed to stimulate the economy, we urge you to consider the national benefit that will accompany targeting some of these funds to address the needs of the older industrial cities and towns predominately found in the Northeast-Midwest. Many of these communities were struggling economically prior to the recent crisis. Most have infrastructure that needs repair and a legacy of disinvestment in buildings, parks, and community services. Federal dollars spent in these communities could be spent quickly immediately creating jobs where they are needed most. America's older industrial cities remain a vital—if undervalued—part of the economy and have a range of physical, economic, and cultural assets that, if fully leveraged, could contribute significantly to their renewal.

On average these cities lost jobs between 1990 and 2000, while employment grew in other cities, according to the Brookings Institution; they also lagged behind their peers in the creation of new business establishments, and in overall payroll growth. Since then these older industrial cities have been hard hit by the foreclosure crisis and the downturn in manufacturing. With the pending crisis facing U.S. automakers, metropolitan economies in this region remain particularly vulnerable because they depend on the jobs and income generated by General Motors, Ford, Chrysler, and their suppliers. These auto jobs support up to twice as many jobs in local services.

The stimulus package must reflect the promises of the new administration—promises to build a sustainable economic future that recognizes the value of strengthening urban cores of metropolitan areas as well as older suburbs and smaller towns; of investing in energy efficiency; of preserving built and natural resources; and of growing our human capital assets. This vision should direct the distribution of federal stimulus funds for infrastructure in ways that focus on fixing the existing infrastructure instead of building new highways; investing in public transportation and rail systems that can open up access to jobs while reducing vehicle miles traveled; rehabilitating and making energy efficient existing and historic structures; training workers for green jobs; addressing aging combined sewer overflows that spill pollution into our waterways and waste precious water resources; and investing in communities that have struggled to deal with

foreclosed, abandoned and vacant properties that continue to pull down the value of housing while overwhelming local officials' ability to provide services.

The funding requested can help catalyze sustainable and inclusive economic growth by investing in three key areas: housing, transportation and infrastructure, and economic and workforce development.

## **Housing**

Older communities have a stock of housing that can be rehabilitated in a cost-effective way that will create jobs in local communities. According to the National Trust for Historic Preservation, investing \$1 million in rehabilitation has significant advantages over a similar investment in new structures: \$120,000 more stays in the community; 5 to 9 more construction jobs will be created; and household incomes in the community will increase by an average of \$100 as more of the money goes to labor rather than the purchase of materials.

*Strategies in housing that could substantially assist older industrial cities include: investing in the rehabilitation and greening of federally assisted rental housing; providing additional funding through the HOME program; providing funding for rehabilitation and greening of historic structures, and including additional funding for the Neighborhood Stabilization Program.*

- **\$ 8 billion for Federally Assisted Rental Housing** to repair and green federally assisted housing near public transportation would create an estimated 90,000 green jobs, according to the National Housing Trust, and would have a substantial multiplier effect. At the same time such a strategy would improve housing for low income families and seniors. Congress should provide \$5 billion in Public Housing Capital Funds that would be distributed through local housing agencies.

\$3 billion could be allocated competitively to housing providers through the **HOME program or through HUD's Office of Assisted Housing Preservation**. HOME provides formula grants to States and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. The additional funding should require the greening of properties rehabilitated under the program and drop the requirement of a local match. HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.

- **\$2 billion for the Neighborhood Stabilization Program** would help communities deal with foreclosures and abandoned properties. The current economic crisis is accelerating the numbers of imminent foreclosures and placing enormous strain on communities that have few resources to deal with the increased demand for services. Particularly hard hit are cities and towns that had

substantial inventories of foreclosed, abandoned and vacant properties prior to the recent crisis. Neighborhood Stabilization Program dollars would bridge this gap and would be spent rapidly to benefit the neediest residents.

- Congress should increase the **Historic Rehabilitation Tax Credit** from 20 percent to 40 percent for **Small “Main Street Projects”** in which the qualified rehab expenditures do not exceed \$2 million. In addition, the tax credit should be increased from 20 to 26 percent for all other certified historic structures. Similarly, the credit for non-historic older buildings should be increased from 10 percent to 13 percent and made applicable to all eligible structures over 50 years old. Finally, IRS’s disqualified lease rules (section 47 of the tax code) prevent community non-profits from taking full advantage of the historic credit in the very places where their services are needed the most and where many historic buildings are located. Nonprofit owners of historic sites should be exempted from these rules.
- **\$100 million for the Historic Preservation Fund** grants through State Historic Preservation Offices should be made to eligible activities such as developing site-specific business plans, rehabilitating, maintaining, and retrofitting non-federal public and nonprofit historic sites for energy efficiency. States already have identified key projects in need and await resources to get projects started.
- **\$50 million Grants for Home Energy Assistance** should provide a new round of development grants to historic preservation projects for owner-occupied homes that contribute to the National Register historic districts that need energy efficiency retrofits. The existing allocation formula should be used and a 50 percent non-federal matching criteria would apply. States could use grants to provide assistance for historic homeowners to do weatherization on historic properties.
- **\$100 million should be provided for federal incentive funding for State Rehab Tax Credit Programs.** Current economic conditions at the state level have shut down otherwise viable state historic rehab programs. Some states, such as Rhode Island and Ohio have projects that have already been approved and that could be started right away if funding were available. Other states have a backlog of tax credit project requests that are not being processed due to funding deficiencies. Federal funding of these state programs would generate a significant number of jobs and provide a significant local economic stimulus.

## **Transportation and Infrastructure**

Current stimulus language would give states highway funds that they could choose to spend as they see fit. This is tantamount to continuing practices that have contributed to sprawl development and drained investment away from older industrial cities. Rather than allow states to allocate funds to new construction, ***Congress should limit infrastructure funding to repair existing infrastructure and to encourage investment in***

*public transportation*, thus aligning the stimulus with the goals of sustainable development, resource conservation, and reduced carbon emissions. At least one-third of the infrastructure funds given states to allocate should be directed to metropolitan and regional planning boards. A stimulus package should include:

- **\$18 billion to repair** crumbling bridges, repair existing highways, and increase multimodal accessibility on roadways. States have documented lists of such maintenance backlogs;
- **\$4.08 billion for Section 5309, Title 49 Program**, to fund immediate new transit investment identified as ready-to-go. Expansion of transit options to more communities should also be funded;
- **\$110 million for positive train control** and rail line relocation and improvement projects (Sec. 9002 of SAFETEA-LU & Sec. 104 of Rail Safety & Amtrak authorization);
- **\$1.22 billion for ready-to-go** pedestrian and bicycling facilities that connect transportation networks, improve safety, and provide least cost transportation options;
- **\$12.7 billion for Community Development Block Grants for Infrastructure.** **This funding** would create an estimated 205,184 jobs through: the construction of public facilities and improvements; the upgrading of water and sewer facilities, the improvement of streets and neighborhood centers; the conversion of school buildings for eligible purposes; the installation of energy conservation and renewable energy technology in existing public facilities; and assistance to private sector businesses to carry out economic development and job creation/retention activities.
- **\$13 billion for Transit Equipment and Infrastructure and new transit projects.** States have currently documented needs for transit funding that would create over 80,000 jobs by purchasing buses, street cars, rail cars, and other rolling stock and equipment needed to bring existing systems to adequate capacity. Such expenditures would stabilize fares and improve reliability. Funding would also be used to restore and maintain facilities and infrastructure to a state of good repair through projects that could, for example, expand station capacity, improve rail tracks, and provide customer information screens. \$5 billion would be for new transit projects that have been proposed.
- **\$2 billion for Amtrak** to make necessary upgrades to tracks, bridges and tunnels, electric traction, interlockings, signals and communications, stations on the Amtrak system, and to improve intercity service. In addition, Amtrak would refurbish rail cars that are currently in storage and return them to service.

- **\$15.4 billion for Water and Wastewater Infrastructure** to rehabilitate aging water and sewer infrastructure, bring systems with combined sewer overflow violations into compliance and promote source water protection and availability. These grants would create over 133,000 new jobs.
- **\$3.7 billion for school modernization** to repair and modernize school buildings in both large- and small-city school districts, improve their energy efficiency, and equip them with first-class technology. This would create over 60,000 jobs.

## **Economic and Workforce Development**

Congress could provide much needed stimulus to older industrial cities by funding qualified applications for both the *EPA Brownfields Cleanup and Site Assessment* and the *New Market Tax Credit programs*. Projects in both programs are ready to go and would predominately help distressed neighborhoods in older industrial cities. In addition, funding for the *Green Jobs Act* would target populations most at risk and vulnerable, many of which can be found in older industrial cities. Additional funding for HUD's **Community Outreach Partnerships Centers** and EDA's **University Centers Program** would give universities in urban areas additional funds to help with economic revitalization. Funding for *Manufacturing Extension Partnership* program could help small and mid-sized manufacturers cut costs and survive the current strong downturn in manufacturing orders. The Midwest has been particularly hard hit by the threatened collapse of the domestic automobile market. MEP centers need additional funding without the required match to provide technical assistance to these companies.

- **\$187 million for the EPA Brownfields Program** would allow EPA to fund all qualified applications for the EPA Brownfields Cleanup and Site Assessment programs and create jobs in each of three program activities: site cleanup (3,200 jobs), redevelopment construction (13,964 jobs), and employment at the redeveloped site (8,630 jobs). These jobs would be created where the need is greatest—in census tracts with double the national poverty rate.
- **\$1.5 billion for New Market Tax Credits** would fund all of the 160 Community Development Entities' (CDEs) highly qualified applications. This money would leverage private sector funding for projects totaling \$21 billion. Every \$1 of federal tax revenues forgone leverages \$14 in private-sector investment. (*Promoting Investment in Distressed Communities: the New Markets Tax Credit Program*, U.S. Department of the Treasury, October 2008) With qualified NMTC applications on hand, Treasury could make additional allocations within 90 days of enactment. Once allocations are made, CDEs have demonstrated the ability to raise and deploy capital quickly with most financing projects within 30 days of securing capital from an investor. Assuming jobs are created averaging the rate documented through 2007, an additional \$1.5 billion would create 34,950 construction jobs and 7,500 permanent jobs in economically distressed areas.

- **\$125 million for training under the Green Jobs Act** (passed as part of the Energy Independence and Security Act of 2007) that amended the Workforce Investment Act of 1998 (WIA) would authorize new workforce development funds to national and state training partnerships that provide the skilled workforce needed to fill the demand generated by increased investment in energy efficiency, renewable energy, and manufacturing. The Department of Labor has offered assurances that the current allocation could be moved out into the field within 3 months. All that is needed is an appropriation of funding.
- **\$13 million for the Community Outreach Partnerships Centers (COPC)** would help colleges and universities apply their human, intellectual, and institutional resources to the challenge of revitalizing distressed communities. COPC grants must be used in urban areas. Each COPC grantee addresses at least three of the following issues in the targeted community: local housing, infrastructure, economic development, neighborhood revitalization, health care, crime, or planning. Grantees may contribute to resolving these issues by applying research to urban problems, coordinating outreach efforts with neighborhood groups and residents, acting as a local information exchange, galvanizing support for neighborhood revitalization, developing public service projects and instructional programs, and collaborating with other partnership centers.
- **\$20 million for the Economic Development Administration's University Centers program** would provide funding to higher-education institutions throughout the United States for the support of local and regional economic development. The program is designed to improve the economies and economic development capacity of Center service areas, with emphasis on economically distressed communities. A distinguishing characteristic of the program is that it leverages staff, students, facilities, research capabilities, and other resources of partnering institutions. Centers generally undertake three broad categories of activity: direct technical assistance to clients, applied research, and information dissemination. Technical assistance activities typically have one of two types of clients: economic development organizations or individual businesses.
- **\$200 million for the Manufacturing Extension Partnership Program (MEP)** would enable the MEP centers to provide services to small manufacturers to help them become competitive enterprises in the global economy. This funding would allow the centers to operate without the currently required, but now largely unavailable, state matching funds. This will help to prevent the loss of additional manufacturing jobs by providing technical assistance to small firms seeking ways to cut costs and generate revenue.

Attention to the particular needs of older industrial cities would reflect the Administration's commitment to pursuing a sustainable future that is inclusive, valuing the contributions and well-being of all of its citizens. Federal dollars spent in these communities would create jobs where they are needed most, lower utility bills, improve the health of residents, and begin to put in place a more sustainable, metropolitan strategy

for economic vitality. We urge you to include these stimulus measures that target the particular challenges facing older industrial cities and towns.

Sincerely,

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American Small Manufacturers Coalition

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The Honorable Jack O'Reilly, Mayor of Dearborn, MI

The Honorable Jay Williams, Mayor, City of Youngstown, OH

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The following are signing as individuals:

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