

PERSPECTIVES ON THE LIVABLE COMMUNITIES ACT OF 2010

HEARING BEFORE THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS SECOND SESSION

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PERSPECTIVES ON THE LIVABLE COMMUNITIES ACT OF 2010

Thursday, September 23, 2010

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 2:30 p.m., in room 2128, Rayburn House Office Building, Hon. Ed Perlmutter presiding.

Members present: Representatives Moore of Kansas, Green, Perlmutter; Capito, Hensarling, Jenkins, Paulsen, and Lance.

Mr. PERLMUTTER. [presiding] This hearing of the Committee on Financial Services will come to order.

Without objection, all members' opening statements will be made a part of the record.

Mrs. Capito and I have just discussed how we want to proceed, because we have a number of votes coming up on the Floor. What we would like to do is have our first panel—Mr. Blumenauer and Mr. Sires—make their statements for the record. Then Mrs. Capito and I, if there is time before the votes are called, will make our opening statements.

Then I think we will have to take a break for the Floor votes that we have, and I apologize to everybody who is in attendance, because there will be about six of them, so it will take some time. Then, we will reconvene for the testimony of the second panel.

So, with that, without objection, your written statements will be made a part of the record. You will each be recognized for a 5-minute summary of your testimony.

Congressman Blumenauer, if you would proceed.

STATEMENT OF THE HONORABLE EARL BLUMENAUER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. BLUMENAUER. Thank you very much, Mr. Chairman, and Mrs. Capito. I appreciate the opportunity to testify in support of H.R. 4690, the Livable Communities Act. I appreciate the attention your committee is giving this critical issue and I look forward to working with committee members to move the legislation as quickly as possible.

Mr. Chairman, I appreciate your particular work in introducing this legislation, which will improve the quality of life for communities large and small across the country.

I have done a lot of work over the years on livable communities, working with urban, suburban, and rural communities in all parts of the United States, and I have found that these issues are gen-

erally widely accepted as being vital for American families, for where those families live, how they get around, whether their children can walk or bicycle to school safely, whether older members of a family can continue not just to live, but to thrive in their neighborhoods.

These communities seek not just assistance and resources from the Federal Government on these issues, but in many cases, they would actually like the Federal Government to maybe get out of the way a little bit and let them move forward.

This legislation will help on both counts. The Livable Communities Act establishes a grant program to help communities develop comprehensive plans that coordinate land use, housing, transportation, and infrastructure planning so that they can grow the way they want to grow. It does not dictate any specific plan, or tell communities how to plan, but it does provide important resources and a framework.

Communities need funding, research, and sometimes they need ideas. The one Federal program that currently offers some of these services, EPA's Office of Sustainable Communities, is constantly oversubscribed. Each year, this program receives more than 100 requests for technical assistance, but it can only meet about 5 percent of them.

In addition to providing resources and technical assistance, the Livable Communities Act establishes an Interagency Council on Sustainable Communities to formulate this Administration's effort to bring HUD, DOT, and EPA together to work on behalf of communities. For too long, these agencies have been working sometimes at cross purposes, sending mixed signals, and, in too many cases, issuing rules and regulations that prevent integration of housing, transportation, and land use planning. Codifying sustainable community partnerships will help the Federal Government to be a better partner on community livability and ensure a more efficient use of taxpayer dollars.

It must be stressed that these programs and the assistance in the bill are entirely voluntary and flexible enough so that communities of all shapes and sizes can take advantage of them. I am impressed that it is supported by a broad collection of stakeholders, from the American Association of Retired People, to the American Public Health Association, to the Realtors, to the National Association of Counties.

As the bill moves through committee, I would encourage you, however, to consider one small addition to the bill that will make it even more effective in improving community livability. I have introduced legislation, H.R. 5824, to provide home buyers and policymakers with information about the costs associated with the location of a home.

The average American family spends over half its income on transportation and housing costs. For some, the cost of transportation is even greater than housing.

As people move further from their jobs, and community development patterns require communities to drive for most of their outings, this has a powerful impact on how families spend their money.

Living in a neighborhood closer to work, school, stores, and other services can significantly reduce the amount that families have to spend on transportation. However, transportation costs and savings are not currently taken into account in government affordability measures and standards, and information is not generally available to consumers looking to purchase or rent homes.

This legislation could easily be incorporated into your Act. It would require HUD to develop a transportation affordability index to measure and disclose the transportation costs associated with the location of a home and make that information available to consumers and local governments.

Using this information, consumers will be better able to price the trade-offs between housing and transportation costs and to measure potential savings associated with living closer to work, school, shopping, and transit.

It will also make the cost of housing transparent for policymakers. Low-income communities can use this information to assist low-income families to live in areas with access to transit and services. This legislation is supported by a growing number of organizations including the Realtors, Reconnecting America, the National Housing Trust, and the National Low Income Housing Coalition.

I would also like to support the efforts on behalf of my friend, Mr. Sires, the leader on livability for the State of New Jersey, in his legislation that he is about to reference, which I am proud to cosponsor.

Finally, I would like to offer support for the proposal by the Association of State Floodplain Managers that would incorporate hazard risk reduction and resilience into the efforts to promote community sustainability. This committee has been working for far too long dealing with the consequences of the failure to do this as you deal with a seriously flawed flood insurance program.

I think these would be valuable additions. Thank you for your courtesy. I look forward to working with you on this legislation.

Mr. PERLMUTTER. We thank the gentleman.

Now, the gentleman from New Jersey, Mr. Sires.

STATEMENT OF THE HONORABLE ALBIO SIRES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. SIRES. Thank you, Mr. Chairman, and Mrs. Capito. Thank you very much. I want to thank Chairman Frank and Ranking Member Bachus for holding this important hearing and my esteemed colleague's, Congressman Ed Perlmutter's legislation, H.R. 4690, the Livable Communities Act of 2010. As a former member of this committee, I appreciate the opportunity to sit down before you today.

I also would like to thank Congressman Blumenauer for his testimony. I am a proud cosponsor of his legislation, H.R. 5824, the Transportation and Housing Affordability Transparency Act, also called THAT Act, and I am eager to see this legislation move forward through this legislative process.

There is a great need for livable communities legislation, and I applaud Congressman Perlmutter for introducing the Livable Communities Act and leading efforts here in the House.

The Livable Communities Act represents an important tool to improve communication and coordination between Federal agencies. Specifically, this bill will create the Interagency Council of Sustainable Communities to bring agencies such as the Department of Housing and Urban Development, the Department of Transportation, the Environmental Protection Agency, and other agencies to the same table.

Additionally, the Office of Sustainable Housing and Communities would be established to administer the Department of Housing and Urban Development's sustainability initiatives.

Lastly, the Livable Communities Act will administer two grants program, the Challenge Grant Program and the Comprehensive Planning Grant Program, both of which partner with local communities. These competitive grants would allow communities to integrate sustainable development projects and incorporate public transportation and affordable housing.

I also would like to take this opportunity to discuss my legislation, H.R. 3734, the Urban Revitalization and Livable Communities Act. Some of you may be familiar with this bill, since 21 cosponsors of the 131 total cosponsors sit on this committee. I thank all of those members for their support.

As a former mayor, I know firsthand the benefits that parks bring to communities. During my three terms as mayor, I revitalized all the parks in West Newark, New Jersey, and saw our community benefit economically, environmentally, and socially. As a result, I introduced legislation to create four Federal grants programs to urban parks and recreation agencies that must be matched by local funds.

There are four major grant programs with H.R. 3734. First, rehabilitation grants would be used for the purposes of remodeling and rebuilding recreation areas and facilities.

Second, innovation grants would be used to cover costs of personnel, facilities, and equipment designed to demonstrate innovative and cost-effective recreation opportunities.

Third, at-risk youth recreation grants would be either for new programs or continuing program support for existing programs that provide alternatives to at-risk youth.

Lastly, there are recovery action program grants which will be used for the development of local parks and recreation programs, including citizens involvement and planning.

Research shows that healthy and vibrant urban areas play key roles in improving the economy, health, and quality of life of our communities. Urban parks and recreation centers are instrumental in helping our Nation achieve important national goals, such as increasing exercise and improving health.

The statistics speak for themselves. Our Nation's obesity rate is rising. Over the last 25 years, obesity among youth between ages 12 and 19 has tripled. Nearly one-third of Americans live in neighborhoods without sidewalks, and less than half of our country's children have a playground within walking distance of their homes.

My legislation will ultimately create economic benefits through job creation, environmental benefits through improvement of green spaces, and health benefits by creating opportunities for Americans to become more active.

In addition to having 131 cosponsors, I have the support of 30 diverse organizations, including the National Recreation and Parks Association, the American Society of Landscapers and Architects, the United States Conference of Mayors, and the United States Soccer Foundation.

Both Congressman Perlmutter's bill and my Livable Communities bill and Revitalization Act share the common thread of using grant programs to stimulate and create healthy, livable communities. The Livable Community Act is a bill that will benefit our local communities in our Nation by assisting local efforts to make affordable places to live and work.

Just last month, the Senate marked up the Livable Communities Act, and I am looking forward to Congressman Perlmutter's version moving forward as well. I believe that my legislation complements the Livable Communities Act, and I look forward to working with this committee in the future.

I applaud this committee's work on this important issue, and I thank you again for allowing me to testify. Thank you very much.

[The prepared statement of Representative Sires can be found on page 22 of the appendix.]

Mr. PERLMUTTER. I thank the gentleman. You were right on 5 minutes, so congratulations.

Any questions for either of these gentleman?

Thank you.

What we will do is yield 3 minutes to Mrs. Capito for her opening statement. You two can head to the Floor, if you like. We have about 6 minutes until the clock is closed. Then we will take a break, unless the gentleman from Kansas has an opening statement he would like to make before the votes?

Mr. MOORE OF KANSAS. No, I would rather wait.

Mr. PERLMUTTER. I yield 3 minutes to Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman. I thank my fellow members, too, for their testimony.

Thank you for holding the hearing today on promoting livable communities and smart growth in this legislation introduced by Congressman Perlmutter.

I certainly support the goal of promoting livable communities and smart growth by coordinating services, transportation, educational opportunities, and affordable housing. I can't tell you how many initiatives we have had before this committee over the last several years, particularly in the housing area, to try to get better coordinating done cross-agency and within agencies.

But I am concerned about a couple of the proposals in 4690, one of which would be is, it completely necessary to create a new office, like the Office of Sustainable Housing and Communities at HUD, and then a Federal Interagency Council on Sustainable Communities? I think the goals of both of these are good, but do we need to create another new bureaucracy?

In the case of the interagency council, it would be headed by an executive director who would not be subject to any confirmation by the Senate but would have full discretion over the staffing and outsourcing decisions. Maybe these are issues that we can work on as this legislation moves forward.

But from my perspective, this does bring about visions of some of the President's appointees, either czars or whatever you want to call them, new directors, who don't have oversight in their appointment process through the United States Senate.

Also I have questions, there was a model cities program that was in effect in the 1960's that was found to be ineffective. What is the difference between that and the structure of this? We want to make sure we don't repeat issues that were found to be ineffective and not meet the lofty goals that I think are set forward in this legislation.

The other issue, of course, is the issue of cost. We are in a high debt and deficit position right now, we all know this, and I think that we have to look long and hard before we create a grant program that would be \$3.25 billion over 4 years.

So, I would be interested in hearing from the panelists, and I hope I can come back. I do have to work a bill on the Floor, the flood insurance bill, to see what they have to say in developing sustainable communities and why this issue is something that we need to handle at the Federal level.

I read some of the initial testimony. It seems like there is a lot at the local and State level in terms of trying to develop and provide the sustainable communities that we all seek.

Thank you for being here, and thank you for the opportunity.

Mr. PERLMUTTER. Thank you, and this panel is dismissed.

What I would like to do is recess. We have six votes, so it will probably take between 45 minutes and an hour. We will reconvene at 3:45. So, with that, we will stand in recess. The second panel will be up next.

[recess]

Mr. PERLMUTTER. The committee will now come back to order, if the panelists would take their seats, please.

I thank the panel for waiting through that delay. We had six votes, and I actually called the time on it pretty closely. So I appreciate your attendance here today.

I think the gentleman from Texas has an opening statement he would like to share. If that is the case, Mr. Hensarling, I would yield to the gentleman.

Mr. HENSARLING. Thank you, Mr. Chairman.

Mr. PERLMUTTER. How much time do you need, 3 minutes?

Mr. HENSARLING. The other opening statements, forgive me?

Mr. PERLMUTTER. The only opening statement so far was Mrs. Capito, and that was for 3 minutes.

Mr. HENSARLING. I will try not to hold up progress, Mr. Chairman. Why don't you give me 3 minutes?

Mr. PERLMUTTER. Sure. The gentleman is recognized for 3 minutes.

Mr. HENSARLING. Thank you, Mr. Chairman. Again, Mr. Chairman, I think you know that I have a lot of respect for you personally, and I know you are a very engaged and diligent member of this particular committee. I have no doubt that this is a very sincere effort on your part to achieve worthy goals.

But I must admit after earlier today, just seeing one more new Federal program that costs \$30 billion, one more opportunity to borrow money from the Chinese and send the bill to our children

and our grandchildren, when I think about the largest national debt in the history of our Nation, red ink as far as the eye can see, when I think about the fact that we are coming off of 2 years in a row of trillion dollar-plus deficits, I think to myself, at what point does the madness end? At what point do we finally say enough is enough? The American people want to know what part of "broke" does this Congress not understand?

So I have no doubt that very worthy things can be done with the \$3 billion or \$4 billion authorization. And I understand by the standards of this place, that might be not even a rounding error. To the American people, it is real money, particularly at a time when we are drowning in debt, when the torch of Liberty is being mortgaged.

I know this is about livable communities, but I have to tell you, in my neighborhood, in Dallas, Texas, where two of my neighbors have lost their jobs, to me, a livable community is where my neighbor has a job.

So I am trying to figure out how the expenditure of an additional \$4 billion, creating a new government program, a new government interagency council, a new czar, a new agency ostensibly to help micromanage our community infrastructure, how is that going to get my neighbors employed in Dallas, Texas? Quite frankly, it is the debt that is helping create greater uncertainty, that is causing businesses not to create jobs.

The Chairman of the Federal Reserve sat before us at that very table and told us it was important to put a plan on the table today to solve the spending crisis, that it would have a beneficial impact on job creation. And job creation ought to be job one, and adding even this amount to the Federal debt works against job creation.

So with all due respect, I cannot support this Act.

I yield back the balance of my time.

Mr. PERLMUTTER. The gentleman yields back.

I will just take a moment for a brief opening statement, and then I don't know if the gentleman from New Jersey or the gentlewoman from Kansas has an opening statement, but they certainly can share if they wish.

I appreciate the comments of my friend from Texas, but what we are here today to really discuss is H.R. 4690, the Livable Communities Act of 2010. Probably the difference of opinion is expenditure versus investment.

In my opinion, the effort here is to invest in the future of this country, which ultimately will reap rewards for the people who live in the communities, as well as the country as a whole, and that it is an investment that will save people money in their daily lives, as well as provide well-planned, well-structured communities where business can thrive.

This bill is companion legislation to Chairman Dodd's Livable Communities Act which was favorably reported out by the Senate Banking Committee in August. Since its introduction, this bill has generated lots of interest in local communities across the country. The Livable Communities Act is an example of legislation crafted with comprehensive input.

At this time, I ask unanimous consent that the letters of support be entered into the hearing record. These letters show livable com-

munities have a variety of support, including the U.S. Green Building Council, the National League of Cities, Enterprise Community Partners, the National Association of Realtors, and many, many more, both nationwide and at the local level. Without objection, they will be made a part of the record.

This legislation is drafted to be incentive-based, providing local communities the tools and resources necessary to develop and implement comprehensive regional plans. Liveable communities are about creating better and more affordable places to live, work, and play.

In addition, this legislation will eliminate current barriers by creating an interagency council for HUD, DOT, EPA, and other Federal agencies to coordinate. It will also codify the Office of Sustainable Housing and Communities within the Housing and Urban Development Department.

Liveable communities provide benefits to communities across the country, including my congressional district. My mayor, Bob Murphy, is here from Lakewood, Colorado, today to testify about the impact this type of legislation would have on Lakewood, as well as the rest of metropolitan Denver.

Colorado is already beginning cooperative projects that fit within the goals of this bill. H.R. 4690 will enhance the process, capabilities, and efficiency of executing these collaborative projects and eliminate barriers to Federal agencies working together to provide the necessary resources and technical assistance.

For these reasons, I introduced the Livable Communities Act of 2010, and I look forward to working with members of the committee and other committees of jurisdiction to move this important legislation forward.

Does the gentleman from New Jersey have any opening remarks?

Thank you.

With that, the Chair will now take testimony from the second panel. The Chair now recognizes Mayor Bob Murphy from Lakewood, Colorado, a friend and a neighbor of mine and an outstanding mayor, to speak for 5 minutes.

The gentleman is recognized for 5 minutes.

STATEMENT OF THE HONORABLE BOB MURPHY, MAYOR, CITY OF LAKEWOOD, COLORADO

Mr. MURPHY. Thank you. I would like to thank Chairman Frank, Ranking Member Bachus, and, of course, Representative Perlmutter, our terrific Congressman from Colorado's Seventh District, for this opportunity to appear before you today to talk about the importance of the Livable Communities Act to towns and cities across the Nation.

As you heard, I am the mayor of Lakewood, Colorado, a first tier suburb of 150,000 adjacent to the west side of Denver. I also chair the Metro Mayors Caucus, a unique organization of 39 communities that collaborates on issues of transportation, economic development, sustainability, and health and wellness.

One of our best known examples of collaboration even here inside the Beltway is the manner in which we coalesced around the 2004 fast tracks ballot initiative. This voter-approved measure launched

the Nation's current transit construction project, 122 miles of new rail, 54 new transit stations, and 18 miles of BRT.

The first line, the West Corridor, is currently under construction through Lakewood, connecting the major employment centers of downtown Denver, the Denver Federal Center, and the Jefferson County Government Center in Golden. The West Corridor, indeed every transit corridor, presents unique opportunities for community building and job creation, but along with it comes daunting challenges.

Simply put, transit and the communities we designed around the new stations have the potential to create equal access to opportunity for everyone, including enhanced access to employment and educational opportunities, more housing choices, improved access to medical care and healthy food options, and better access to regional amenities.

These opportunities expand to benefit our regional economies and our environment by: reducing auto trips and greenhouse gas emissions, thus bettering air quality; improving public health; lowering health care costs because of more walking, bicycling, and exercise; creating jobs through design, building, and operation of infrastructure, housing, and commercial centers; lowering the public subsidy of transit through increased ridership; and creating a green dividend for regional economies as savings on household transportation costs become discretionary income for food, clothing, and education.

The average American household spends over 50 percent of their budget on housing and transportation. This burden falls even heavier on low- to moderate-income households. These households use transit more than those with higher income, and as we build our communities near transit, they stand to benefit the most from transportation cost savings, a wider variety of housing choices, and better accessibility to work, schools, daycare, and recreational options, all resulting in more opportunity, productivity, and time with family.

Affordable housing stimulates the local economy. A 2010 home-builders study in Denver measured the 1-year estimated economic impact of building 615 new low-income housing tax credit units and found \$57 million injected into the economy, \$5 million in additional revenue to local governments, and 732 new local jobs.

Opportunities abound to plan and build livable communities along transportation corridors and rail stations, but significant barriers remain. The areas surrounding future fast track stations in our cities and suburbs are encumbered by aging infrastructure, Brownfield sites, lack of bike and sidewalk connectivity, absence of open space, and fragmentation of parcel ownership. The costs for remediation are often beyond the scope of local governments, even in partnership with the private sector.

Historically, existing Federal funding has been focused on specific aspects of the metropolitan landscape like transportation, housing, and environmental quality, rather than on comprehensively what it takes to build resilient communities that will sustain for generations.

Many programs of DOT, HUD, and EPA have had a high level focus on the same outcome, better communities, but have been

hamstrung by different regulatory requirements and embedded organizational cultures.

The 2009 formation of the Office for Sustainable Housing in Communities inspired the Denver region to, once again, take a collaborative approach to meeting our challenges. The West Corridor formed a unique partnership involving our cities, housing authorities, and transportation authorities to comprehensively plan for station area land use, affordable housing, infrastructure needs, and future economic development along the corridor.

Our Denver Regional Council of Governments, 55 members, are cooperating to update our Metrovision plan with a new centers and corridor strategy aligned with the new urban centers developing along our new transit corridors. Through DRCOG, the Denver region applied for the first HUD sustainability planning grant. Many regions around the country did the same thing, and that is my exact point. This is already working.

Applicants, even if unsuccessful, have had to forge the precise type of regional coalitions that will be vital to provide services in a future with restrained resources.

It is for this reason I want to commend the groundbreaking partnership that has already occurred between these three agencies. Secretaries Donovan and LaHood and Administrator Jackson should be commended for their foresight in linking these programs, policies, and funding. And a special thanks, too, by the way, to Shelly Poticha, Director for the Office of Sustainable Housing and Communities, for her advice, inspiration, and on-the-ground implementation of these policies. Together, we will all build better communities.

Thank you for the opportunity.

[The prepared statement of Mayor Murphy can be found on page 51 of the appendix.]

Mr. PERLMUTTER. Thank you.

Next, we have Andriana Abariotes from Minnesota. I am sorry that Mr. Ellison is not here to introduce you today, but you are recognized for 5 minutes.

STATEMENT OF ANDRIANA ABARIOTES, EXECUTIVE DIRECTOR, TWIN CITIES LOCAL INITIATIVE SUPPORT CORPORATION (LISC)

Ms. ABARIOTES. Thank you, Mr. Chairman.

Good afternoon, and I would like to also offer my thanks to Chairman Frank, Ranking Member Bachus, and the members of the committee. I am pleased to be here today to speak about the Livable Communities Act of 2010.

My name is Andriana Abariotes. I am the executive director of the Twin Cities Office of the Local Initiative Support Corporation, or LISC, which includes the Minneapolis and St. Paul metropolitan region.

Congressman Ellison certainly has been supportive of our work and has been a true leader in our community. I would also like to thank you, Congressman Perlmutter, for your leadership on this important bill.

For almost 3 decades, LISC has been connecting community developers with resources to revitalize neighborhoods and improve

quality of life, a strategy we call building sustainable communities. Historically, LIISC has invested over \$9.6 billion in communities across the country. In the Twin Cities, this has translated into over \$370 million in investments, resulting in over 9,000 affordable homes and 1.3 million square feet of retail, community and educational space.

I am here today to talk about the relationship between community development activities and the Livable Communities Act. We applaud the coordination promoted by the Livable Communities Act, which has the potential to combine community-based planning with regional planning efforts. In the Twin Cities, we have seen this integration take place with a great deal of success. I would like to provide a specific example.

The central corridor is a new 11-mile light rail corridor and will be the second line in the Twin Cities regional transit system, that when complete, connects the downtown of Minneapolis to the University of Minnesota through the capital campus into downtown St. Paul. This new corridor will run through the heart of one of St. Paul's most historic African-American communities, the Rondo community.

When planning began for the light rail, there was a great deal of apprehension and mistrust by residents and community leaders due to the checkered history of transportation in this particular community. Forty years ago, Interstate 94 was built on top of Rondo Avenue, cutting right through the heart of the neighborhood and displacing residents and a whole range of community institutions, including housing, community businesses, and services.

LIISC has partnered in the central corridor with the City of St. Paul and 10 community-based organizations to engage community leaders and residents in connecting a broader vision for the corridor with housing preservation, small business support, neighborhood jobs, and minority contracting and energy improvements.

LIISC's work in this area is not unique to the Twin Cities. Sixteen of LIISC's 28 local offices are participating in regional partnerships that have applied for HUD's sustainable community grants program, including Boston, where LIISC is working with four community-based community development corporations, or CDCs, to organize residents in a planning vision for new developments on vacant, underutilized land along the region's Fairmont commuter rail line, which is in Congressman Capuano's district.

We know that community-based nonprofit CDCs provide vital services to residents in low-income communities, particularly communities of color. In order to ensure that input from nonprofits is considered early in the planning process and before critical decisions are made, they should be included in the regional planning processes at the time of application rather than one year after the grant is awarded, as required by the Act. The benefit will be a much more robust community involvement component which could mitigate future opposition by gaining community buy-ins early in the process.

It is our hope that as the bill moves forward through Congress, it retains the provisions that seek to promote integration of low-income and affordable housing planning in the Act's grant programs.

The cost of acquisition of land for transit-oriented development is often the barrier to keeping housing units affordable, and this planning early in the process can help affordable housing developers make development decisions before land prices escalate beyond their reach.

It is critically important that low-income and moderate-income neighborhoods, rural communities, and cities that have experienced significant population loss have equal access to the type of planning and development opportunities promoted in the Livable Communities Act. We believe that this can be accomplished through the equitable inclusion of communities of all races, ethnicities, ages and income levels, a setaside of 15 percent of the grant dollars for rural communities, and the creation of community regeneration planning grant programs for communities that have lost population, both of which were passed in the Senate Banking Committee's version of this Act.

This concludes my testimony, and I would be happy to answer any question you may have. Thank you again for the opportunity to speak with you today.

[The prepared statement of Ms. Abariotes can be found on page 24 of the appendix.]

Mr. PERLMUTTER. And thank you. We appreciate your testimony.

Now, we will hear from Julia Gouge, president of the Board of County Commissioners in Carroll County, Maryland, so she is our neighbor.

STATEMENT OF JULIA W. GOUGE, PRESIDENT, BOARD OF COUNTY COMMISSIONERS, CARROLL COUNTY, MARYLAND

Ms. GOUGE. Good afternoon, Chairman Frank, Ranking Member Bachus, and members of the Financial Services Committee, and to you, Representative Perlmutter, we appreciate very much your introducing this bill.

I am Julia Gouge, president of the Carroll County Board of Commissioners, member of the National Association of Counties, NACo Board of Directors, Environment, Energy and Lands Use Steering Committee, and the Rural Action Caucus. I would like to thank you for the opportunity to testify today on this Livable Communities Act.

NACo is the only national organization representing America's 3,068 counties, and we support the Livable Communities Act which provides incentive grants to local areas for regional planning around housing, transportation, the environment, energy, land use, and health initiatives. NACo has passed a resolution supporting the Livable Communities Act.

NACo has worked to support members in achieving sustainable development for over 15 years through assistance on issues including smart growth and planning, economic development, and business retention. Priorities now include clean energy development and disaster recovery.

In 2007, NACo began the Green Government Initiative, providing comprehensive resources for local governments on all things green. NACo will soon release a survey on 2010 sustainability efforts which captures close to 600 counties' differing levels of sustainability.

Planning for sustainability communities is, by nature, a regional effort. Whether individually, with neighboring jurisdictions, or through regional councils, counties have the primary role in planning and economic development decisions impacting and determining growth, development, and livability.

Many rural and mid-sized counties would like to begin development and planning, but lack the resources to do so. This legislation will be effective because it meets communities where they are, at the planning and implementation stage.

Carroll County, Maryland, has a population of 175,000. We have created three lead-certified green buildings oriented for site optimum lighting, storm water management, geothermal systems, and the use of high recycled content materials. To reduce our carbon footprint, we invested in the purchase of hybrid cars for our fleet, as well as hybrid vans for our transportation system.

Carroll County participates in the Energy Management Initiative provided through the Baltimore Metropolitan Council, and in Fiscal Year 2009, Carroll County estimated an electricity savings of over \$8900,000.

To preserve our rural history, we implemented an installment purchase agreement program for farm preservation. This allows us to purchase development rights by leveraging our money so more land can be purchased at today's prices. To date, we have placed over 60,000 acres in permanent preservation.

The U.S. Department of Housing and Urban Development, HUD, has created the Office of Sustainable Housing and Communities. This legislation would formally establish this office and the Inter-agency Council, and we appreciate HUD taking the lead with EPA and the Department of Transportation to break down the silos within the Federal Government. HUD also has grant money available for Fiscal Year 2010 on sustainable planning, and Carroll County has utilized block grants from HUD extensively over the past 30 years.

In addition to Section 8 funding, we have been awarded Community Development Block Grants from the Maryland Department of Housing and Community Development continuum of care for the homeless. We have also received home funding which we use for transitional housing programs and rental assistance.

NACo continues to believe sustainability should be voluntary and encouraged through a Federal grant program, rewarding communities undertaking sustainable programs. We do not believe sustainability should be a condition for receiving housing, transportation, and other traditional sources of Federal funding. What we do support is having a setaside for a subcategory of rural areas, such as the one included in the Senate committee-passed bill.

Our rural communities represent the majority of the Nation's land mass. Of the over 3,068 counties, over 90 percent have populations under 200,000, with many under 100,000 or 50,000. When Federal funding is involved, efforts at integrated local and regional planning are often hindered by the States when funds are not granted directly to local governments, and NACo appreciates that the bill allows local entities to receive direct funding.

I would like to thank you for this opportunity to testify, and I would be happy to answer any questions. Thank you.

[The prepared statement of Ms. Gouge can be found on page 30 of the appendix.]

Mr. PERLMUTTER. Thank you very much for your testimony.

Now, the committee will recognize Mr. Bruce Knight from Champaign, Illinois, to testify for 5 minutes. You are recognized, sir.

**STATEMENT OF BRUCE A. KNIGHT, PLANNING DIRECTOR,
CITY OF CHAMPAIGN, ILLINOIS, AND PRESIDENT, AMERICAN
PLANNING ASSOCIATION**

Mr. KNIGHT. Good afternoon, and thank you, Chairman Frank, Ranking Member Bachus, and the distinguished members of the committee for holding this important hearing, and I also thank you, Congressman Perlmutter, for your leadership in this issue, and congratulations on being APA's Legislator of the Year.

I am Bruce Knight, planning director for the City of Champaign, Illinois, and president of the American Planning Association. At a time when planners are hard at work laying the foundation for economic recovery and on behalf of our 40,000-plus members, I am very pleased to be able to testify in support of legislation that offers vital resources for good planning, breaks down barriers to efficient infrastructure investment, and advances local quality of life.

The Livable Communities Act provides critical support for good planning. There are, I believe, six innovations and benefits that make the bill an important step forward: it promotes integrated planning and eliminates barriers to regional cooperation; it recognizes the importance of comprehensive planning; it is driven by data and performance indicators; it supports both planning and plan implementation; and it provides particular benefits for communities hit hard by recession.

I also want to underscore the fact that the bill is not top-down. It is incentive-based, and the plans are driven by engagement, participation, and vision of local residents.

Much of this committee's attention has been focused on housing and the foreclosure crisis. This bill provides another opportunity to help places struggling to restore prosperity and offers desperately needed tools to help communities. Virtually every HUD program would be more effective and efficient as a result of the plans and the tools in this bill.

The planning in this legislation supports your work promoting greater energy and location efficiency in housing policy. It is easy to focus on individual buildings and the effort to green neighborhoods, but it is critical that the issues of job access, travel options, and housing choices also be considered.

This committee took bold bipartisan action earlier in the year in approving the Green Act. This bill takes those same concerns to a broader scale.

The bill advances integration and interagency coordination. APA applauds the efforts of HUD, DOT, and EPA in forming an interagency partnership on sustainable communities. This important collaboration is long overdue.

The agencies have already taken steps to promote closer integration, but passage of this bill would take that integration further by establishing a common planning process that is comprehensive and coordinates with capital investments. The legislation would ensure

that these efforts are not a momentary occurrence. The bill encourages regional cooperation.

True regionalism is notoriously difficult to achieve. Our system of multiple, sometimes overlapping units of local government, make regional collaboration hard. That said, many of our most important challenges are regional in nature, including housing affordability, transportation options, community development, and watershed protection.

The bill brings together municipalities in the region and key stakeholders from the private and nonprofit sectors. The plans that emerge from this process will support Federal livability principles, and guide infrastructure investment, while informing local plans and codes that are vital to the coordination and effectiveness.

To achieve the outcomes that citizens envision in the planning process, plans must be implemented. The legislation also provides critical support for these activities. Communities can choose to apply for support to move plans to implementation to those outcomes that residents want and need.

In my own city, we are seeking initial funding to support a new green code that will help implement key sustainability components of our comprehensive plan.

In my role as president of the American Planning Association, I have spent much of the last year and a half traveling to communities across the country. I have seen firsthand the serious economic challenges confronting many neighborhoods.

Planners in places large and small are struggling to cope with tough problems. All too often, I have also seen serious cuts in planning in these same communities. This disinvestment comes at the worst possible moment.

The places that are investing in good planning will be the places best positioned for recovery. After all, the planning process provides a clear strategy to efficiently achieve outcomes, good choices, choices where we live and work and how we travel, safe neighborhoods, affordable housing, and a clean environment, outcomes which residents value and demand.

I firmly believe that now is the time to invest in planning, and that those communities that do so will recover from the Great Recession first. That is because they are the communities that will be prepared to reinvent themselves and take advantage of new opportunities.

This is only likely to happen if policymakers are making decisions also guided by smarter, greener plans leading to development regulations designed to promote greener, more sustainable communities. This is why the Livable Communities Act is so important and invests in plans that lay the foundation for economic vitality.

I thank you for holding this important hearing and the opportunity to testify today. I encourage you to move forward with this legislation, and I am happy to respond to any questions. Thank you very much.

[The prepared statement of Mr. Knight can be found on page 39 of the appendix.]

Mr. PERLMUTTER. Thank you, Mr. Knight.
I appreciate the testimony of this panel.

I am just going to make a couple of comments. I have a couple of questions, then I will yield to Mrs. Capito for her questions. Since there are only two of us here, we won't waste a lot of time, but I know we do have some questions and comments.

What I would like to comment on are both concerns that Mrs. Capito raised as well as Mr. Hensarling in the need to make sure that whatever structure the organization has put together, and we have certainly the structure in the livable communities, but to the degree there are ways to utilize metropolitan planning organizations or use the same terminology so that there is no confusion that it is a system that we know can get the grants to the local governments so that the local governments can then work together in a regional and cooperative basis. That is what I want to see. So I certainly am willing to work with you all on that, in that regard.

With respect to the grants themselves, to the degree that local governments can put them to good use to plan their communities for decades to come, I think we are putting money to good purpose.

I would say to my friend from Lakewood, Colorado, recently, he and I had an instance of working on a project which was a former Remington arms plant that was created by the United States of America for World War II purposes, and at its height was producing 6 million rounds of bullets a day.

The City of Lakewood, working in conjunction with the Federal Government and with the regional transportation district with a variety of organizations cleaned up what was the shooting range for that property, added light rail, has a hospital, will have affordable housing, will have a whole variety of things, to take what was a mess and really make it a livable, sustainable community.

It is that goal that I think that I know I seek, something like that, for other towns and communities around the country. Obviously, it is happening. But these grants would allow those communities who for whatever reason don't have the opportunity to do regional or really forward-thinking kinds of plans the opportunity to integrate transit, housing, cleanups, brownfields, energy issues.

So, I would ask you, Ms. Gouge, just a couple of questions. You said in Carroll County you have been able to take some grants and work in a regional way with the City of Baltimore and others, and through your savings, you have come up with some 60,000 acres of preservation? How has that worked? After that, I will yield to Mrs. Capito for her questions.

Ms. GOUGE. We have been working on farm preservation for a number of years. As money has become more scarce, and farmland has become more expensive, I gave a challenge a couple of years ago to our staff to come up with a plan. That plan uses zero-based bonding. We have worked with our bond counsel and with other attorneys to have a plan so that we can go to the farmers and offer them the money. But we are leveraging our money, through the zero-based bonds.

Consequently, it is 40 percent of the value of the land at that time. We are offering that to the people now, so we are getting more farm for our dollar. We are actually able to give them tax-free money on those bonds for the time that they have that.

We have set it up for 20 years, so the bond money will be there and the interest will be there for those folks. That is the reason it has become so important.

Mr. PERLMUTTER. Thank you.

Mrs. Capito has to go back to the Floor, so she won't be asking any questions. That is good for all of us.

What I would like to do now is to yield to Mr. Al Green from Texas. I know you just are sitting down and you may want to collect your thoughts, but generally he will get right to the point.

So, Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman, and I thank the witnesses for appearing.

Mr. Chairman, I apologize for my late arrival. I am also a member of the Homeland Security Committee, and we had a hearing that was taking place that required my attention. So, my apologies to all.

But I do want to talk to Ms. Abariotes, and I trust I will pronounce your name correctly, Ms. Abariotes. Is that close?

Ma'am, you referenced, I believe, an 11-mile rail line you have been working on. We have a similar circumstance in Houston, Texas. It is 8.27 miles, and it connects the medical center with an urban area.

I am interested in your rail line because it seems quite similar to what we are doing, and I would like to get more intelligence on how you are perfecting this project, because we are in our infancy and it seems you are much more along the way than we are. So I welcome any comments that you can share with me.

Ms. ABARIOTES. Thank you for the question, Congressman Green. I would also probably turn to my colleagues here on the panel, because they may have other experiences in communities where they are far ahead of us, and I am thinking of the Denver area as well.

In the City of St. Paul, and really between the two cities of Minneapolis and St. Paul, the 11-mile stretch is actually a second line of a transit system. So there were a great deal of learnings in the first line, which is the Hiawatha corridor that links the Minneapolis downtown business district with the Mall of America and the airport. When the initial planning was done, it was much more important to get the line built than to think about the development opportunities around it. So the community has been playing catch-up.

In the case of building up the new central corridor line, I think the opportunity to do things differently, to engage residents and small business owners, institutions that align what will be the new line, was the opportunity, and it really sparked both the creativity on the part of the city, both cities, the cities of St. Paul and Minneapolis, but also to engage the philanthropic community, to create a learning forum called the Central Corridor Funders Collaborative.

They were able to raise, I believe they have raised \$5 million collectively toward the goal of raising \$20 million to put towards both planning around station areas and future rail transit line opportunities in the whole region.

So I think it is both sparking new partnerships on the ground between residents and different community institutions where

there might be transit stations, sparking the ability to learn more about how to do transit-oriented development, and how to do deep community engagement with residents in new and different ways. And I think the opportunity, like the Livable Communities Act, would be to be able to leverage those additional resources that would be beyond the resources outlined in the bill that would include both private and philanthropic resources and create more synergy and more attention.

Mr. GREEN. Thank you. I would welcome any additional comments. Yes, sir?

Mr. KNIGHT. I would just comment that I think this is a classic example of how the separate planning requirements of Federal funding areas has led to a disconnect between issues of transportation and housing and job placement, and that is what the Livable Communities Act is all about.

If we can, instead of having these separate planning requirements, bring them together, look at these issues comprehensively and think about how transit operates in conjunction with where housing is located, where jobs are located, how that impacts the environment, how we can reduce housing costs because people now can not only live in affordable housing, but they have affordable transportation choices to their places of destination, that is the key difference that we believe this Livable Communities Act will bring by again having communities think comprehensively and regionally about these solutions, rather than thinking about them independent of each other.

Mr. MURPHY. I would just add, sir, that in Denver, we have a situation that may or may not be similar to yours. We have a 12-plus mile line going out from our core city out to the western suburbs, and it has caused us, of course, to work together in collaboration, the representatives from each city, the housing authority is a very important component to site affordable housing at the appropriate station areas, and the transportation district, and the General Services Administration which runs the Denver Federal Center. So we have been working for over a year and put together a plan that coordinates the land use, not just at each station, but hopefully along the entire corridor.

One of the things you find as you get into this, it is not easy, but in a citizen-involved process, you can plan for what you think is the appropriate land use, then you evolve into how do you create a sense of place at each of these stations, how do you incentivize people to get off the line at each of the stations? And the result of all of that is more and more regional collaboration and more and more citizen buy-in.

Mr. GREEN. Thank you, Mr. Chairman. I yield back.

Mr. PERLMUTTER. I appreciate, obviously, we appreciate the testimony of the panel today. This is a subject that I think really needs the attention of the Congress. We are happy that the Senate has acted on its bill and will hopefully bring it to the Floor of the Senate. This is something that I believe, contrary to what Mr. Hensarling had to say, is really an investment. And this country needs to make investments. We have, over time, deferred a lot of investments, whether it is in our transportation system, our housing, and certainly we need to be building our jobs, wherever they may be,

whether it is Lakewood or Minneapolis or Baltimore or Champaign. So we appreciate your testimony. Obviously, you all are experts in this arena, and you can be assured you will be consulted with as we go forward trying to make a package here that really works for local governments as well as works at the Federal level with these agencies talking to one another and not operating in isolation.

So, with that, I would like to ask unanimous consent to insert statements for the record from the National Association of Home Builders and the National Center for Healthy Housing. And without hearing any objection from Mr. Green, they will be inserted into the record.

The Chair notes that some members may have additional questions for this panel which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses and to place their responses in the record. With that, this hearing is adjourned and the panel is dismissed.

[Whereupon, at 4:30 p.m., the hearing was adjourned.]

A P P E N D I X

September 23, 2010

Congressman Albio Sires (NJ-13)
Financial Services Committee
“Perspectives on the Livable Communities Act of 2010”
September 23, 2010 at 2:30 p.m.
2128 Rayburn House Office Building

TESTIMONY

Thank you Chairman Frank and Ranking Member Bachus for holding this important hearing on my esteemed colleague, Congressman Ed Perlmutter’s legislation, HR 4690, the Livable Communities Act of 2010. As a former member of this Committee, I appreciate the opportunity to sit before you today. I’d also like to thank Congressman Blumenauer for his testimony. I am a proud co-sponsor of his legislation, HR 5824, the Transportation and Housing Affordability Transparency Act also called THAT Act, and am eager to see his legislation move forward through the legislative process.

There is a great need for livable communities legislation and I applaud Congressman Perlmutter for introducing the Livable Communities Act and leading efforts here in the House. The Livable Communities Act represents an important tool to improve communication and coordination between federal agencies. Specifically, this bill will create the *Interagency Council on Sustainable Communities* to bring agencies such as the Department of Housing and Urban Development, Department of Transportation, Environmental Protection Agency, and other agencies to the same table. Additionally, the Office of Sustainable Housing and Communities will be established to administer the Department of Housing and Urban Development’s sustainability initiatives. Lastly, the Livable Communities Act will administer two grant programs, the Challenge Grant Program and the Comprehensive Planning Grant Program, both of which partner with local communities. These competitive grants would allow communities to integrate sustainable development projects and incorporate public transportation and affordable housing.

I’d also like to take this opportunity to discuss my legislation, HR 3734, the “Urban Revitalization and Livable Communities Act.” Some of you may be familiar with this bill since 21 co-sponsors of the 131 total co-sponsors sit on this Committee. I thank you all for your support. As a former Mayor, I know first-hand the benefits that parks bring to communities. During my 3 terms as Mayor, I revitalized all parks in West New York, New Jersey and saw our community benefit economically, environmentally, and socially. As a result, I introduced legislation to create four federal grant programs to urban parks and recreation agencies that must be matched with local funds. There are four major grant programs within HR 3734. *Rehabilitation grants* would be used for purposes of remodeling or rebuilding recreational areas and facilities. *Innovation grants* would be used to cover costs of personnel, facilities and equipment designed

to demonstrate innovative and cost-effective recreation opportunities. *At-risk youth recreation grants* would be either for new programs or continuing program support for existing programs that provide alternatives to at-risk youth. Lastly, there are *recovery action program grants*, which would be used for the development of local park and recreation programs, including citizen involvement and planning.

Research shows that healthy and vibrant urban areas play key roles in improving the economy, health, and quality of life in our communities. Urban parks and recreation centers are instrumental in helping our nation achieve important national goals of increasing exercise and improving health. The statistics speak for themselves - our nation's obesity rate is rising. Over the last 25 years, obesity among youth between 12 and 19 has tripled. Nearly one-third of Americans live in neighborhoods without sidewalks and less than half of our country's children have a playground within walking distance of their homes. My legislation will ultimately create economic benefits through job creation, environmental benefits through the improvement of green spaces, and health benefits by creating opportunities for Americans to become more active. In addition to having 131 co-sponsors, I have the support of over 30 diverse organizations, including the National Recreation and Park Association, American Society of Landscape Architects, United States Conference of Mayors, and United States Soccer Foundation.

Both Congressman Perlmutter's bill and my Livable Communities and Revitalization Act share the common thread of using grant programs to stimulate and create healthy and livable communities. The Livable Communities Act is a bill that will benefit our local communities and our nation by assisting local efforts to make affordable places to live and work. Just last month, the Senate marked up the Livable Communities Act and I am looking forward to Congressman Perlmutter's version moving forward as well. I believe that my legislation complements the Livable Communities Act and I look forward to working with this Committee in the future. I applaud this Committee's work on this important issue and thank you again for allowing me to testify this afternoon.



Testimony of

**Andriana Abariotes
Executive Director**

Twin Cities Local Initiatives Support Corporation (LISC)

Livable Communities Act (H.R. 4690)

**U.S. House of Representatives
Committee on Financial Services**

September 23, 2010

Good afternoon, Chairman Frank, Ranking Member Bachus, and members of the Committee. I am pleased to speak today about the Livable Communities Act of 2010, H.R. 4690. My name is Andriana Abariotes. I am the Executive Director of the Twin Cities office of the Local Initiatives Support Corporation (LISC) – which includes the Minneapolis and St. Paul Metropolitan area. It is great to see Congressman Ellison here today, who has been so supportive of our work in Minneapolis and is a true leader in our community. I would also like to thank Congressman Perlmutter for his leadership on this important bill.

For almost three decades, LISC has connected local organizations and community leaders with resources to revitalize neighborhoods and improve quality of life. Historically, LISC has invested more than \$9.6 billion to build or rehabilitate 253,000 affordable homes and develop 38 million square feet of retail, community, and educational space nationwide. Our first name is Local, and we have a presence in 28 urban areas, which include over 100 cities across the country, and rural locations in 31 states. In the Twin Cities, LISC has invested more than \$370 million dollars, which has resulted in more than 9,000 affordable homes and 1.3 million square feet of retail, community, and educational space.

Over the last year, we have collaborated with a diverse coalition of national and local organizations to work for the passage of the Livable Communities Act, including the National Housing Conference, Smart Growth America, Transportation for America, Reconnecting America, and PolicyLink.

The Livable Communities Act and Community Development

I am here today to talk about the relationship between the provisions laid out in the Livable Communities Act and community development activities. Recently, we at LISC have pursued a broader vision of community development through what we call ***Building Sustainable Communities***. This comprehensive approach seeks to target resources in specific neighborhoods within a city or region with the goal of creating neighborhoods of choice and opportunity by expanding investments in housing and other real estate, increasing family income and wealth, stimulating economic development, improving access to quality education, and supporting healthy environments and lifestyles. We applaud the coordination and cooperation that is promoted by the Livable Communities Act and believe that the planning activities it seeks to encourage are vital to the economic health of metropolitan and rural regions. LISC's long history in community development tells us that regional planning efforts, such as those promoted by the act, must be integrated with community-based planning efforts to achieve neighborhood level results that will positively affect the lives of residents.

In the Twin Cities, we have seen this integration take place with great deal of success. Recently, Twin Cities LISC has joined state, regional, county and municipal partners, as well as advocacy groups, and development experts in a partnership that resulted in the submission of an application for the HUD Sustainable Communities Planning Grant Program – which would be authorized over the long-term by the Livable Communities Act.

To illustrate how neighborhood and regional planning can be integrated, I would like to provide you with a specific example from the Twin Cities.

The Central Corridor is a new 11-mile light rail corridor and second “line” in the Twin Cities that when complete will run from downtown Minneapolis through the University of Minnesota along University Avenue into downtown St. Paul. A portion of this new corridor will run through the heart of one of St. Paul’s most historic African American communities—the Rondo Community. When the planning began for this light-rail corridor there was a great deal of apprehension and mistrust by residents and community leaders, due to the checkered history of transportation in this particular community. Forty years ago, interstate 94 was built on top of Rondo Ave cutting right through the heart of the neighborhood and displacing a whole range of community assets – including housing, small businesses, and services.

LISC has partnered with a broad array of stakeholders in the Central Corridor to engage community leaders and residents to ensure that -- this time -- a major regional development investment is done *with* the residents, not *to* residents. The City of St. Paul has helped develop a broader vision for the corridor, and 10 community development organizations --including LISC -- have created a new collaborative—the Frogtown/Rondo Action Network—to implement priority strategies related to housing preservation, small business support, neighborhood jobs and minority contracting, and energy improvements that ensure light-rail benefits for neighborhood residents. On Tuesday, this same target area was awarded a Promise Neighborhoods planning grant from the Department of Education, leveraging and connecting investments in the physical and economic infrastructure of the neighborhood with human capital strategies including raising student achievement and success.

One of the tools we use to accomplish neighborhood level planning and resident engagement surrounding transit-oriented development sites is our Corridor Development Initiative. The Corridor Development Initiative is a proactive planning process to assist the planning and development of higher density affordable housing along major corridors, with access to transportation options, retail amenities, parks, and job opportunities. CDI fosters an exciting partnership among neighborhoods, government, development consultants, design experts, and facilitators to connect market opportunities with neighborhood and city goals. In 2007 the Corridor Development Initiative received the American Planning Association’s National Planning Excellence Award for a Grassroots Initiative. LISC has worked with other entities and municipalities to teach this planning and engagement tool in other communities. To date the CDI process has been replicated in Chicago (Chicago Metropolitan Planning Council) and Madison, WI (Neighborhood Design Center).

LISC’s work partnering with community residents and institutions to develop neighborhood level strategies connected to transit and other transportation investments is not unique to Twin Cities LISC. Sixteen of LISC’s 28 local offices -- in places like the Bay Area, Philadelphia, and Phoenix -- are participating in regional partnerships that have applied for the HUD Sustainable Communities Grant program. For example, Boston LISC is working with four community-based Community Development Corporations (CDCs) in Congressman Capuano’s district to conduct neighborhood planning efforts aimed at actively engaging residents in community development decisions along the region’s Fairmont/Indigo MBTA commuter rail line. These efforts are focused on organizing residents and planning a vision for new developments on

vacant underutilized land and brownfields sites along the region's most underused commuter rail line. As you can see, the type of comprehensive planning envisioned by the Livable Communities Act is well aligned with LISC's core mission of *Building Sustainable Communities*.

Points of Emphasis and Recommendations for the Livable Communities Act

As stated earlier LISC is an enthusiastic supporter of the Livable Communities Act. For a moment I would like to highlight key provisions of the Act that we feel deserve special emphasis, and also highlight a few other provisions that we believe could be strengthened to further improve the bill.

Role of community-based non-profit organizations

In communities across the country, CDCs provide critical community services in a range of areas, including affordable housing development, job training, health care, and educational services—especially in low-income communities of color. The services provided by these organizations are vital to residents living in economically distressed communities, and any comprehensive regional planning effort that affects these communities should have representatives from these organizations present at the planning table at the beginning and throughout the process. We applaud the Livable Communities Act provision that requires grantees to create an advisory board, which includes a diverse membership, including non-profit community-based organizations. *However, this provision allows the advisory board to be established “within one year after the date of the grant award”. We believe that waiting one year to establish this advisory board is too long, and recommend that this advisory board be in place at the time of the application to ensure that non-profit community-based organizations and other vital community partners are present as early in the process as possible.* We believe that this is important because early participation by community-based organizations will ensure that their perspective is considered during the development of the partnership and well before any planning activities begin or critical decisions have been made.

Affordable Housing and Transit Oriented Development

We are pleased that the Livable Communities Act has a strong focus on supporting the development and preservation of affordable housing at all levels of income – including moderate, low, and extremely low income. The Livable Communities Act could enhance the possibility of developing mixed income/mixed use TOD projects in distressed neighborhoods that are well connected to regional economic opportunities, such as employment and educational opportunities. One of the largest barriers to developing affordable housing and critical community amenities in TOD projects are the very high land costs associated with many areas in proximity to transit. Expensive land in these neighborhoods can make it impossible to keep the cost of developing housing and community services at an affordable level without very deep government subsidies. Integrating an assessment of a region's affordable housing needs into a regional planning effort early in the process can help affordable housing developers make development decisions before land prices escalate to levels that makes the development of moderate and low-income housing cost prohibitive. *It is our hope that as the bill moves through congress, that it bill retains the provisions that seek to promote the integration of low-*

income and affordable housing planning in the Act's Comprehensive Regional Planning Grant and the Community Challenge Grant programs.

Community Involvement and Social Equity

We are very pleased that the Livable Communities Act has several provisions requiring that resident and community involvement is a prerequisite for both of the Comprehensive Planning Grants and the Community Challenge Grants. As represented by the experience in St. Paul's Rondo neighborhood and many others nationwide, government investments can have disastrous effects on communities if the vision that residents have for their own neighborhoods are not considered. Unfortunately, regional and neighborhood plans are often developed by state, regional, and local entities with little resident outreach or community input. Often when community input is solicited, it is done through public meetings held very late in the planning process and well after important decisions have already been made. We believe that, in order to achieve a broad consensus among citizen groups, local decision makers must make a deliberate effort to engage citizens early and substantively in the regional visioning process, especially with low-income residents and communities of color. When engaged and when their ideas are reflected, community residents tend to be strong supporters and can assist in facilitating smooth plan implementation. We believe that the Livable Communities Act provisions that seek to promote resident involvement should help localities avoid these mistakes in the future.

However, we believe that the Act's language regarding community involvement should be strengthened even further. The Senate Banking Committee added language to their version of the Livable Communities Act that affirmatively stated that grantees must engage a broad range of community stakeholders and create an effective means of participation for stakeholders in the development and implementation of their comprehensive regional plan. We hope that this committee will adopt the Senate language in this area to strengthen further this element of the bill.

Mr. Chairman as you well know, historically federal transportation policies and the state and regional actors responsible for their implementation have not equitably served low and moderate income families or the distressed neighborhoods where they live. Often, federal investments in transportation have led to greater isolation by either locating infrastructure investments far out-of-reach of these communities or displacing residents and driving out the community-based services so critical to their daily lives. For example, transit investments in communities of color have often supported high-end boutique development that has driven out existing affordable and low-income housing, community services, and small businesses. ***It is our belief that the Livable Communities Act's focus on fair and equitable inclusion of communities of all races, ethnicities, ages, and income levels in regional planning efforts is critical. We hope that this principle is reinforced and the provisions that address this issue are retained in the final bill.***

It is also important that rural communities have equal access to the resources in the Livable Communities Act. Rural areas often have different transportation and land use challenges. Having adequate public access to transportation in rural areas means the difference between having a job, getting to health care, or accessing other critical social services. Rural areas often have limited capacity to meet the planning needs within the small cities and towns and their surrounding regions to connect people to jobs, shops, services, education, and healthcare. ***The Senate Banking Committee provided a set aside of 15% of grant dollars for rural communities***

in its version of the Livable Communities Act. We would like to see the committee to adopt this provision in its version of the bill

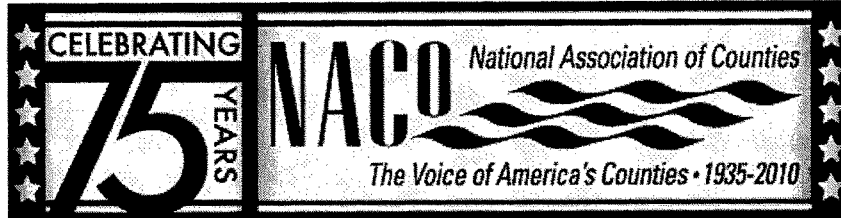
Additionally, while some regions are grappling with the impacts of expansive growth and uncoordinated development, others are facing chronic population and employment loss and a compound set of barriers to achieving sustainable and livable communities—such as chronic and widespread property vacancy and abandonment. Many of these regions can be found in the older industrial Northeast and Midwest regions of the country – in areas like Buffalo, Toledo, and Detroit. These regions will requires a different set of comprehensive planning solutions from those that are used in a more stable or growing community. ***The Senate Banking Committee passed the version of the Livable Communities Act included additional funding for the establishment of community regeneration plans that will assist jurisdictions to:***

- ***Acquire and repurpose surplus land, buildings and infrastructure, invest in strategic neighborhoods, and optimize the impact of limited resources in the wake of drastic population loss;***
- ***Better manage properties in foreclosure or about to face foreclosure;***
- ***Incorporate green infrastructure solutions that address regional needs beyond blight elimination, including local food systems, managing combined sewage overflow events, energy production, recreation areas, and transportation corridors; and***
- ***Assist in building the capacity of local governments, regional entities, neighborhood-based and other non-profit organizations, business groups and others to lead to long-term sustainability.***

We urge this committee to consider adding similar language to the bill for this purpose.

Conclusion

The type of integration of housing, land-use, transportation, and environmental issues in planning and development efforts are critically important to the health of local and regional communities. However, without connecting those planning efforts to neighborhood-based planning and development activity already happening in neighborhoods the benefits will not likely touch the moderate and low income residents and communities of color served by the community development industry. The Livable Communities Act moves us in this direction and LISC is grateful that this committee is considering this innovative piece of legislation. This concludes my testimony. I would be happy to answer any questions you may have.



House Financial Services Committee Hearing
Perspectives on the Livable Communities Act, H.R. 4690

The Honorable Julia W. Gouge
President, Board of Commissioners
Carroll County, Maryland

On behalf of the
National Association of Counties (NACo)
September 23, 2010

Chairman Frank, Ranking Member Bachus and members of the Financial Services Committee. My name is Julia Gouge, and I am President of the Carroll County Board of Commissioners, Member of the National Association of Counties' (NACo) Board of Directors; Environment, Energy and Land Use Steering Committee; and Rural Action Caucus. I thank you for the opportunity to testify at this important hearing on the Livable Communities Act, H.R. 4690. It is my privilege to represent NACo and our President, Tarrant County, TX, Judge Glen Whitley here today. We appreciate Chairman Frank holding a hearing on this important legislation introduced by Representative Ed Perlmutter (D-CO) which ensures rural, mid-size and urban communities can benefit from The Livable Communities Act.

NACo, the only national organization representing America's 3068 counties, supports the Livable Communities Act, which provides incentive grants to local areas for regional planning around housing, transportation, environmental, energy, and land use and health initiatives. NACo has long advocated for flexibility, regionalism, and direct funding to local governments and regions as proven methods for enhancing communities. NACo believes that sustainability initiatives are most effective when they are multi-jurisdictional and involve multi-dimensional collaborations across communities of all sizes. NACo passed a resolution supporting the Livable Communities Act.

Rural, suburban and urban counties have been pursuing local strategies to create livable communities and implement sustainable development for decades. NACo has worked to support our members in achieving sustainable development for more than 15 years through assistance on issues including smart growth and planning; sustainable economic development and business

retention; improving citizen health through obesity prevention initiatives and promoting active living; as well as increasing efficiency and transparency in development; and in housing and home ownership opportunities. NACo's initial efforts in the mid 1990s focused on city - county collaborations and priorities now include clean energy development and disaster resiliency.

In July, NACo released a draft of its survey on 2010 Counties Sustainability Efforts at our Annual Conference. NACo began this effort to better define, prioritize, and more fully assess the landscape of county sustainability strategies. The survey captures almost 600 counties differing levels of sustainability knowledge, interest, commitment, and barriers to the development of specific sustainability goals—including energy efficiency, renewable energy generation, water conservation, green job creation, and integrated waste management. While the publication is still being finalized, survey highlights include that energy efficiency and renewable energy generation, and waste management are the most common sustainability efforts counties are pursuing.

In general, counties in the Western and Northern regions are pursuing all sustainability strategies with greater intensity than Southern and Midwestern counties. If given the opportunity, the majority of counties surveyed would further invest in sustainability efforts, including energy efficiency/renewable energy regeneration; green building construction/renovation, waste management and water conservation; green purchasing, local food systems and green economic development. Overwhelmingly, funding is the most significant challenge inhibiting counties from accomplishing all sustainability strategies. The second most cited challenge is staff time.

NACo began the Green Government Initiative in 2007 to provide comprehensive resources for local governments on all things green. The NACo Green Government Initiative is a:

- hub for county leadership on all things green,
- public/private partnership to provide information, training and assistance to counties, and
- catalyst to facilitate county green policies, practices, and products that result in financial and environmental savings.

We have focused on a variety of topics including:

- Energy efficient buildings
- High mileage and alternatively fueled fleets
- Environmentally preferable purchasing
- Waste management and recycling
- Water quality and conservation
- Land use and conservation
- Climate protection and adaptation and
- Community sustainability

The priorities for 2010 are:

- Cost-Saving Strategies through “going green”
- Energy Efficiency and Clean Energy, especially implementation of the Energy Efficiency and Conservation Block Grant

- Green Jobs and the Local Economy and
- Local food supply and community gardening

In May 2010, NACo's Green Government Initiative completed a new guidebook on the role counties can play in growing their local green economies. *Growing a Green Local Economy: County Strategies for Economic, Workforce and Environmental Innovation* serves as a resource for counties interested in assessing the unique attributes of their local green economy and tapping into its tremendous potential.

Planning for sustainable communities is by its nature a regional effort. Counties are unique in that they are at their core a regional form of government, especially in rural America. Whether acting individually, with neighboring jurisdictions, or through regional councils, counties have the primary role in land-use planning and economic development decisions that impact and determine the growth, development and livability of communities.

However, many counties, especially rural and mid size counties would like to begin sustainable planning and development but lack the resources to do so. Many other counties have developed strong sustainability plans, but need extra funding to implement. This legislation will be effective because it meets communities where they are – at the planning or implementation stage. Also, the grants are available to meet the needs of counties of all sizes, including rural ones.

In my county of Carroll County, MD population of 175,000 we have created three LEED (Leadership in Energy and Environmental Design) Certified Green Buildings. These buildings are oriented for site optimum natural day lighting and solar control; solar heating for domestic water; occupancy sensors for lighting; extensive storm water management structures; geo-thermal mechanical systems; and the use of high-recycled content materials such as steel, carpet, acoustical ceiling panels, drywall and concrete. To help reduce our carbon footprint, we have also invested in the purchase of hybrid cars for our fleet, as well as hybrid vans for our local transportation system.

Carroll County is one of the twenty one governmental entities participating in the “Energy Management Initiative,” provided through partnership with the Baltimore Metropolitan Council (BMC). In Fiscal Year 2009, Carroll County estimated an electricity savings from BGE of \$900,000. Carroll is an active participant on the regional Sustainability Council of the BMC, which promotes coordinated policies amongst the regional jurisdictions to: realize smarter, more efficient energy purchases and utilization; share best practices relating to sustainable growth and development; and, adopt model alternative energy and sustainability plans from successful examples gained from other metro areas. We are also actively participating in the regional ‘Vision 2060’ effort which is a long-term visioning exercise being conducted by the BMC. The effort is designed to develop long term plans for transportation alternatives in the Baltimore metro area - fifty years in the future. The BMC member jurisdictions hope to create a plan that will place sustainability and livability at the top of the future priorities list (*i.e. expanded transit system, reduction of single occupant vehicles on crowded roadways, and reduction in vehicle miles travelled, by promoting efficient land use and development*).

In an effort to preserve our rural history, Carroll County has implemented an Installment Purchase Agreement (IPA) for farm preservation. This program allows us to purchase development rights, by leveraging our money, so that we can buy more land at today's prices. To date, we have placed over 60,000 acres into permanent agricultural preservation.

NACo continues to believe that sustainability should be voluntary and encouraged through a federal grant program that rewards regions and communities that undertake sustainable programs, like what is proposed in the Livable Communities Act. We do not believe that sustainability should be a condition for receiving housing, transportation and other traditional sources of federal funding.

We believe that all communities should be eligible for the program. Under the initial proposed legislation, some rural and remote communities would not have been eligible. We support a fix to set aside funds for a sub-category of rural areas that are not part of an otherwise eligible micropolitan area, such as the one included in the Senate Banking, Housing and Urban Affairs Committee passed version.

These rural communities have undertaken sustainable development projects at a scale that is realistic based on resource and geography constraints. These communities represent the majority of the nation's land mass and should play a critical role in federal efforts to encourage sustainable development. For example, only 122 counties have populations over 500,000. About 180 counties fall in the 200,000 to 500,000 population range and 2,835 counties (over ninety percent) have populations below 200,000.

NACo's Rural Action Caucus (RAC) advocated for passage of the Livable Communities Act during their legislative fly-in on April 28, 2010. On June 9, 2010, I testified at Senate Banking Chairman Chris Dodd's Committee hearing on this legislation. Also, Brookings County, SD Commissioner Don Larson, Chair of the Agriculture and Rural Affairs Committee and member of RAC spoke at the Senate briefing on The Livable Communities Act Rural Benefits on April 30, 2010. RAC is the voice for America's rural counties in Washington. It is a bipartisan coalition of rural elected officials, who strive to enhance the quality of life in rural counties through effective federal legislation. The caucus is not only the advocacy arm of the organization, but also serves as the conduit for technical and programmatic assistance through the NACo County Services Department.

The legislation also creates the Office of Sustainable Housing and Communities to coordinate federal policies and initiatives on livable communities which will provide information on best practices and technical assistance. The U.S. Department of Housing and Urban Development (HUD) has already started this office and has grant money available for Fiscal Year 2010 on sustainable planning. The bill would also formally establish the Interagency Council on Sustainable Communities, a partnership amongst U.S. Environmental Protection Agency, Department of Transportation, and Department of Housing and Urban Development (HUD). NACo supports HUD taking the lead on breaking down silos within the federal government, and coordinating these efforts between federal agencies. Representative Perlmutter's legislation supports this intergovernmental sustainable coordination.

NACo believes it is the right time for passage of the Livable Communities Act because of the difficult economic and fiscal environment in our counties, and the pressure of new social, economic and environmental imperatives. The goal of sustainability compels all levels of government to regroup, and to demand innovative multi-jurisdictional, multi-dimensional and fiscally sound approaches that will lead to better transportation choices, equitable and affordable housing, and social equity and enhanced opportunities for our communities.

When federal funding is involved, efforts at integrated local and regional planning are often hindered by the states when funds are not granted directly to local governments. Therefore, NACo appreciates that the bill allows local entities to receive funding directly.

Thank you for the opportunity to testify. We look forward to working with Chairman Frank, Representative Perlmutter and other members as this legislation moves forward to ensure that small metro and rural communities are active participants along with urban ones. I would be happy to answer any questions you may have.



American Planning Association
Making Great Communities Happen

TESTIMONY OF

**BRUCE KNIGHT, FAICP
PLANNING DIRECTOR, CITY OF CHAMPAIGN, ILLINOIS
PRESIDENT, AMERICAN PLANNING ASSOCIATION**

On behalf of

THE AMERICAN PLANNING ASSOCIATION

Before the

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES**

On

THE LIVABLE COMMUNITIES ACT OF 2010

September 23, 2010

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W. Paul Farmer, FAICP
Chief Executive Officer
Bruce Knight, FAICP
President, APA Board of Directors

Good afternoon, Chairman Frank, Ranking Member Bachus and distinguished members of the committee. Thank you for holding this important hearing on the Livable Communities Act and inviting me to testify.

I am Bruce Knight, Planning Director for the City of Champaign, Illinois, and the President of the American Planning Association and a Fellow of APA's professional institute, the American Institute of Certified Planners. I am honored to appear before you today on behalf of APA and planners across the nation. Planners are hard at work in communities large and small at this critical moment laying the foundation for economic recovery and global competitiveness. I am especially pleased to be able to testify on behalf of legislation that offers vital new tools and resources for good planning, breaks down barriers to efficient infrastructure investment, and advances local quality of life. I want to especially thank Congressman Perlmutter for his leadership on this issue.

The American Planning Association represents more than 40,000 professional planners, planning commissioners, and engaged citizens interested in shaping the vision for the future of their communities and identifying pragmatic steps to create communities of lasting value. APA's members are involved, in the private sector and at all levels of government, in formulating and implementing plans that engage citizens in a thoughtful and careful process designed to create a blueprint for the future. These plans build communities that reflect the vision of local residents, promote wise stewardship of resources, increase choices for how we work, live and play, and enhance local quality of life.

In my role as president of APA, I have spent much of the last year and a half traveling to communities across the country. I have seen firsthand the serious economic challenges confronting so many towns and neighborhoods. From rising foreclosures and vacant

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on behalf of the American Planning Association

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property to lost employment centers and weakened tax bases at time of rising citizen need for services, places large and small are struggling to cope with tough problems.

All too often I have also seen serious cuts in planning in these same communities. This disinvestment comes at the worst possible moment. Good planning is absolutely essential to economic recovery and long-term prosperity. Good plans ensure that we are investing limited resources in smarter, more efficient ways that provide the foundation for stronger local economies that are more competitive and resilient. The places that are investing in good planning will be the places best positioned for growth. After all, the planning process provides a clear strategy to efficiently achieve the outcomes – good jobs, choices in where we live and how we travel, safe neighborhoods, affordable housing, a clean environment – which residents value and demand.

This is why the Livable Communities Act is so important. The legislation authorizes vital investment in the development and implementation of plans that lay the foundation for economic vitality. In my career, I have often seen the positive economic impact of good planning.

In my role as Planning Director for the City of Champaign I am fortunate to work for a City Manager and City Council that are investing in planning because they have seen the economic return it brings. Coming out of the 1980's Downtown Champaign was in a serious state of decline. In 1996 the City Council adopted the first Downtown Development Plan and since that time, and because of the programs established to implement the plan, Downtown Champaign has become a thriving center that once again (as it historically did) represents the heart of the community.

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I firmly believe that now is the time to invest in planning and that those communities that do, whether they are big or small, will recover from the great recession first. That is because they are the communities that will be prepared to reinvent themselves and take advantage of the new opportunities that will be presented. Many planners found that a major challenge with the Recovery Act was relative lack of support for planning combined with the need for “shovel ready” projects. That meant projects that were already designed, which means building more of the infrastructure of the past, versus building the greener, smarter infrastructure of the future. As the former president of the American Institute of Architects noted, shovel ready does not necessarily mean shovel worthy. APA’s Rebuilding America has documented the pending infrastructure crisis facing our country. While improved funding for infrastructure is part of the solution, changing development patterns to better utilize existing infrastructure is even more important. This is only likely to happen if policy makers are making decisions guided by smarter, greener Comprehensive Plans, leading to development regulations designed to promote greener, more sustainable development.

The City of Champaign is in the process of completing such a Comprehensive Plan, and has applied for a HUD Community Challenge Planning Grant to rewrite our development regulations to implement that plan.

The Livable Communities Act authorizes funding for comprehensive regional sustainability plans. This represents a significant new approach in federal policy related to planning. Unlike other federal planning policies that typically require a plan that is linked to a specific capital investment, such as HUD-mandated consolidated plans for Community Development Block Grant funds, plans under the Livable Communities Act are focused on the coordination and integration of planning across program, mode and agency boundaries. Further, these plans are based on incentives to encourage locally-driven

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innovation in planning, not a 'top-down' mandated process. The bill supports strong citizen engagement and participation in the planning process. The planning grants provide broad flexibility to allow regions and municipalities to match plans to local needs and context while the livability principles and standards that guide the plans ensure accountability and promote fresh approaches.

The planning envisioned in this legislation also supports this committee's work promoting greater energy and location efficiency in housing policy, and new strategies for considering the real cost of housing based its location and energy efficiency. Improving energy efficiency provides obvious benefits to both residents and the community. It is easy to focus on individual buildings in the effort to 'green' neighborhoods, but it is critical that larger issues of job access, travel options, and housing choice also be considered. This committee took bold, bipartisan action earlier this year in approving the GREEN Act. The Livable Communities Act takes many of those same core concerns to a broader scale and helps coordinate plans, codes, and capital investments to support both energy efficiency savings and long-term economic, social and environmental benefits.

There is simply no other federal support for this kind of planning. And, it is already clear that the demand is great among communities. As you know, Congress appropriated funding in this fiscal year for an initial round of sustainability grants. Reports from APA members around the country suggest that, much like DOT's TIGER grant program, demand will far exceed supply.

A small investment in good planning can pay big dividends in efficiency, reduced infrastructure costs, leveraged private investment, and enhanced competitiveness. And, the anticipated investment is indeed modest. Planning funds represent just a tiny fraction

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of federal resources for capital investments. Yet, it is plans that will ensure that federal capital investments make a positive economic and social impact. The planning process outlined in the Livable Community Act will help communities understand the true costs and benefits from various investments and growth patterns leading to better decision-making and stewardship of public resources.

In my view, the economic benefits of this legislation clearly outweigh the short-run costs. I share concerns about fiscal responsibility, but good planning is the best way to ensure good investment and careful management of taxpayer dollars. This legislation creates jobs, eliminates waste, and promotes greater government efficiency while also allowing people to craft a vision for new development and growth based on local values and opportunities to build a more sustainable, livable future.

A core element of the Livable Communities Act is the focus on integrating plans and programs and providing a platform for both regional and interagency coordination. APA applauds the efforts of HUD, DOT and EPA in forming an interagency partnership on sustainable communities. This important collaboration is long overdue. These three agencies administer the main federal programs providing assistance for critical infrastructure investment. Yet, each maintains separate and sometimes conflicting or overlapping planning requirements.

It has been all too common to see federal investments that lack coordination with local planning efforts result in disconnects that waste resources and burden communities. The lack of coordination of affordable housing, transportation options, and employment centers has led in many places to traffic congestion and rising household costs that fall disproportionately on lower income families. Part of the cause lies with the lack of

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coordination in planning for federal transportation, housing, economic development and environmental protection programs.

Administratively, HUD, DOT and EPA have already taken steps to promote closer integration. For example, regulatory barriers that long prevented communities from connecting federal transportation funding with CDBG funding have been addressed. Additionally, the agencies have linked the grant application process for TIGER 2 planning grants with HUD community challenge grants.

Passage of the Livable Communities Act would take this integration further by establishing a common regional planning process that is comprehensive in scope and explicitly aims to connect a variety of federal capital investments.

The current efforts of HUD, DOT and EPA are a significant advance in the effort to break down federal program “silos.” Passage of the Livable Communities Act would ensure that these efforts are not a momentary occurrence by establishing in statute both an office of sustainable communities at the Department of Housing and Urban Development responsible for coordinating planning and implementation efforts with partner agencies and an expanded federal council that brings together departments and programs through the federal government that have an impact on community planning and sustainable development.

As important and valuable as cooperation has already been among HUD, DOT and EPA, other agencies and departments should also be part of the effort, particularly those that provide significant federal resources for infrastructure and development, such as the U.S. Department of Agriculture and the Economic Development Administration.

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The legislation also creates an important new approach encouraging regional cooperation. True regionalism is notoriously difficult to achieve. Our system of multiple, sometimes overlapping local units of government makes regional collaboration hard. The reality is that regionalism, including regional planning, exists in a sort of constitutional twilight among federal, state and local governments. That said, many of our most important challenges are regional in nature. This is especially true when it comes to addressing the problems of housing affordability, transportation options, community development, watershed protection, and environmental quality.

The current round of sustainability grants has already encouraged many communities to pursue greater integration and coordination. For example, Greensboro, North Carolina, opted to incorporate the six federal livability principles into their newly updated HUD consolidated plan. This effort led to a cooperative effort among local and regional organizations to draft a proposal for the federal sustainability planning grant that explicitly linked planned investments in transportation, affordable housing and community redevelopment in targeted neighborhoods. Using the data collected as part of this process, the city was also able to identify several key trends related to economic growth and development patterns that will continue to shape local and regional decision-making.

Greensboro is not alone. APA has heard from many communities and regions that the effort to apply for the first round of sustainability planning grants has itself provided tangible benefits. These collaborations and benefits would only be deepened by further establishing and refining these programs through the Livable Communities Act.

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Regional comprehensive plans under the Livable Communities Act would create a new cooperative framework for regional cooperation by bringing together not only municipalities in the region but also a wide array of other key stakeholders from the private and non-profit sectors. The plans that emerge from this process could support the federal livability principles, guide new infrastructure investment while also informing local comprehensive plans and development codes that are so vital to true coordination and effectiveness.

To achieve the outcomes that citizens envisioned in the planning process, plans must be implemented. This implementation process involves an array of activities including site planning, development ordinances, zoning changes, multi-year capital programs, and policy incentives. The legislation also provides critical support for these activities.

Communities can choose to apply for support to move plans to implementation, to the outcomes that residents want and need. In my own city, we are seeking initial funding to support a new “green code” that will help implement key sustainability components of the comprehensive plan.

Among the biggest benefits of the Livable Communities Act is that it resists the usual temptation to establish yet another layer of federal plans and program requirements. Instead, the focus on integration and coordination support the comprehensive plan. APA believes that the comprehensive viewpoint of planning is among its greatest assets. And, the comprehensive plan is the appropriate place to bring together capital investment decisions and citizen’s vision for the future of the community.

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APA has initiated a new Sustaining Places Initiative to help give direction and guidance to policymakers and planners on how best to incorporate sustainability principles into the comprehensive planning process. The federal emphasis on sustainability and livability is a welcome and important step forward. This APA initiative will identify the best practices communities can use to make the comprehensive plan the platform for achieving sustainability goals and develop the practices to create the next generation of such plans.

The Livable Community Act acknowledges the importance of the critical role of the comprehensive plan and development of tools for plan implementation. When the Senate Banking Committee considered and approved its version of the Livable Communities Act in early August, provisions supporting local code development, reform and enforcement were adopted. APA supported these changes. Strengthening local plans and codes are a vital part of ensuring that federally-supported plans are implemented.

Many places struggle with outdated codes or lack of consistency between adopted plans and development decisions. This legislation can make a valuable contribution by providing resources and incentives for improving local codes, linking implementation tools to sustainability plans, and providing needed investment in plans, implementation and capital projects. I would note that a major strength of the legislation is its recognition that planning and plan implementation activities warrant support and guidance separate from resources devoted to capital projects. Both are important, but separate and distinct support for planning is critical.

APA strongly supports the provisions of the legislation that set aside resources specifically for rural communities and smaller regions. Good planning is particularly vital to the success, competitiveness and quality of life in these areas. Yet, these regions often

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struggle with finding sufficient resources and technical capacity. Sustainability planning is not just for one region of the country or major metropolitan centers.

Much of this committee's attention throughout the 111th Congress has been focused on the housing and foreclosure crisis. This legislation provides another opportunity to help people and places especially hard hit by the recession. Planning is among the most useful tools for communities suffering from high rates of foreclosure, property vacancy and abandonment. The planning and community challenge grants under the legislation provide desperately needed tools and resources to help cities, towns and regions deal with the crisis. Additionally, communities can use grants to implement tools, such as land banks, to address vacant property issues while also implementing new economic development and transportation strategies.

The Senate Banking Committee adopted provisions to establish a separate planning program for communities dealing with acute population loss or property abandonment. APA supports the inclusion of this pilot program. We believe it is most important to allow both vacant property and high foreclosure community planning eligibilities under the planning grant title of the Livable Communities Act and establish a separate program for these activities within the legislation.

While APA strongly supports the legislation, there are opportunities to further improve the bill. Among the biggest challenges is the need to further support local technical assistance and capacity building. Too many communities lack the resources to compete for or implement the resources provided by the Livable Communities Act. The bill does acknowledge this issue and provide support. However, more will be needed. APA suggests providing dedicated resources for both technical support to communities and regions that

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receive planning grants (especially those struggling with significant economic challenges) and core planning capacity building. Some changes can be made to strengthen the Livable Communities Act but other programs may need to be used or targeted to provide adequate support.

Thank you for the opportunity to testify today on behalf of the American Planning Association and to discuss some of the innovations and approaches under way in Champaign. I want to commend Representative Perlmutter, Chairman Frank, and the members of this committee for working from the outset to solicit input from communities, planners and local governments in the development of this legislation. I encourage you to move forward with this legislation and continue supporting the vital work of good planning in building communities of lasting value.

TESTIMONY OF LAKEWOOD, COLORADO MAYOR BOB MURPHY
HOUSE COMMITTEE ON FINANCIAL SERVICES
LIVABLE COMMUNITIES ACT
SEPTEMBER 23, 2010

Thank you Chairman Frank, and of course to my friend Congressman Ed Perlmutter, our terrific representative from Colorado's 7th Congressional District, for this opportunity to appear before you today.

My name is Bob Murphy, the Mayor of Lakewood, Colorado, a first tier suburb of 150,000 located adjacent to the Western edge of Denver. I also serve as Chair of the Metro Mayors Caucus, a unique organization of 39 communities that collaborates regionally on the issues of transportation, economic development, sustainability and health and wellness.

One of our best known examples of collaboration is the manner in which we coalesced around the 2004 FasTracks ballot initiative. This voter approved measure launched the nation's largest current transit construction project: 122 miles of new Light and Commuter Rail, 54 new transit stations, 18 miles of BRT and enhanced connecting bus service.

The first line, the West Corridor, is currently under construction through Lakewood, connecting the major employment centers of downtown Denver, the Denver Federal Center (the largest concentration of federal employees outside Washington D.C.) and the Jefferson County Government Center in Golden, CO.

The West Corridor, indeed every new transit corridor, presents unique opportunities for community building and job creation, but along with it comes daunting challenges.

Simply put, transit and the communities we design around the new stations have the potential to create equal access to opportunity for everyone:

- Enhanced access to employment and educational opportunities
- More housing choices
- Improved access to medical care and healthy food options
- Reduced transportation costs
- Better access to regional amenities

These opportunities expand to benefit our regional economies and environment:

- Reduce auto trips and greenhouse gas emissions, thus better air quality
- Improved public health, lower healthcare costs resulting from more walking and bicycling.

- Job creation through design and building of infrastructure, housing and commercial centers
- Lower public subsidy of transit through increased ridership
- A “green dividend” for regional and national economies as savings on household transportation costs becomes discretionary income for food, clothing and education.

The average American household spends over 50% of their household budget on housing and transportation. This burden falls heaviest on low-to-moderate income households. These households use transit at more reliable rates than those with higher income, and they also stand to benefit the most from a wider variety of housing choices we build near transit stations. This new accessibility to work, schools, daycare, retail and recreational options results in better opportunity, productivity and more time with family.

And, affordable housing stimulates the local economy. A 2010 NAHB study in Denver measured the one-year estimated economic impact of building 615 new Low Income Housing Tax Credit (LIHTC) units:

- \$57.6 million in local income
- \$5.0 in revenue to local governments
- 732 local jobs

Opportunities abound to plan and build livable communities along transportation corridors and rail stations, but significant barriers remain. The areas surrounding future FasTracks stations in our cities and first tier suburbs are encumbered by aging infrastructure, brownfield sites, lack of bike and sidewalk connectivity, absence of open space and fragmentation of parcel ownership. The costs for remediation are often beyond the scope of local governments, even in partnership with the private sector.

Historically, existing federal funding has been focused on specific aspects of the metropolitan landscape (transportation, housing, environmental quality) rather than comprehensively what it takes to build resilient communities that will sustain for generations. Many programs of DOT, HUD and EPA have a high-level focus on the same outcome- better communities- but are hamstrung by different regulatory requirements and embedded organizational cultures.

The 2009 formation of the Office for Sustainable Housing and Communities inspired the Denver region to once again take a collaborative approach toward meeting these challenges. The West Corridor formed a unique partnership involving the cities, their respective Housing Authorities, the Regional Transportation District and the GSA to comprehensively plan for station area land use, affordable housing, infrastructure needs and future economic development along the 12-mile length of the new line.

Through the Denver Regional Council of Governments (DRCOG), the 55 member city and county jurisdictions are cooperating to update our *Metro Vision* plan with a new Centers and Corridors strategy aligned with the new urban centers developing along our new transit and key highway corridors. Through DRCOG, the Denver region recently applied for the first HUD Sustainable Communities Planning Grant. Many regions around the country did the same thing, and that is my exact point. It's already working! Applicants, even if unsuccessful, have had to forge the precise type of regional coalitions that will be vital to providing services in a future with restrained resources.

It's for this reason I want to recognize the incredible groundbreaking partnership that has already occurred between HUD, DOT and EPA. Secretary Donovan, Secretary LaHood and Administrator Jackson should be commended for their foresight in linking programs, policies and funding of these departments and agencies. Special thanks too, to Shelley Poticha, Director for Office of Sustainable Housing and Communities (HUD) for her advice, inspiration and on-the-ground implementation of these policies. Together, we will all build great communities that will serve future generations.

Thank you again, Chairman Frank, for the opportunity to address you today.

Statement of the National Association of Home Builders

Perspectives on the Livable Communities Act of 2010

Hearing before the House Financial Services Committee

September 23, 2010

The National Association of Home Builders (NAHB) appreciates the opportunity to submit this statement to the House Financial Services Committee on H.R. 4690, *the Livable Communities Act of 2010*. One of the main goals of H.R. 4690 is to establish the Office of Sustainable Housing and Communities (Office) and to task this new office with coordinating housing, community development, transportation, energy and environmental policy. NAHB believes this type of coordination could benefit the housing industry. However, NAHB has concerns with the legislation, particularly with the implementation of the new programs under this office, and mandates that would stem from these programs.

NAHB supports many of the “livability” concepts described in H.R. 4690, and in fact, NAHB members have been implementing many of these concepts in their building and redevelopment efforts for some time. NAHB recognizes that the demographics and preferences of home buyers and renters have become increasingly diverse, and this trend is expected to continue. As a result, the home building industry has significantly expanded the types of homes and communities they build and develop to respond to the multifaceted market demand. Many NAHB members are involved in innovative developments located on infill and redevelopment sites, in addition to mixed-use projects. Through the years, it has become apparent that there is no single form of development that will meet every need, and decentralized patterns of job growth, diverse housing needs, and consumer preferences continue to spur growth in many different of directions.

Thus, NAHB supports a comprehensive process for growth that allows for a wide range of housing types to suit the needs and income levels of a community’s diverse population. Planning for growth should also adequately address the need for housing in all markets and geographic areas, including, but not limited to, existing communities and infill and redevelopment areas. In reviewing H.R. 4690, NAHB highlights the following concerns.

Regional v. Local Zoning

NAHB is reticent about adding another level of government at the regional level that would have additional zoning powers above the traditional powers found at the local level. In H.R. 4690, there is language that indicates a new authority, the “Consortium of Units of Local Government,” would be located at the regional level and would be tasked with accepting and distributing federal grant money. While NAHB recognizes that better coordination of planning among jurisdictions can benefit regions, NAHB has grave concerns with moving land use planning decisions from local authorities.

NAHB supports regional planning efforts that result in better integrated local planning, but NAHB cautions against the addition of a regional regulatory “layer” to the already lengthy and complex local development review and approval process. The Federal government has already established regional authorities for the purpose of planning and distribution of federal dollars, such as the Metropolitan Planning Organizations. In order to avoid duplication or unnecessary and costly expansion of government, H.R. 4690 should use the existing agencies and offices at hand for the purpose of planning and funding “livability” activities.

Housing Location Affordability Index

H.R. 4690 creates a new index that appears to rate housing based on affordability relative to the proximity of the housing to public transportation. Any metrics used in this index should be based on sound science and data and allow for public comment because the comment period will allow entities such as NAHB, who are very focused on housing affordability, to provide the Office with information on what consumers look for when purchasing a house. Additionally, the index should be developed in an open manner with full disclosure how the data is collected.

Regardless of the variables used in the calculation, NAHB does not believe a mandatory rating system would be the optimal choice. Rather, NAHB believes that the information gleaned from this index should be used in a voluntary manner and to differentiate a particular house. The index should be provided to consumers so they may fully understand and evaluate the location of a home with regard to the key decision-making factors in their lives. It makes sense to provide the consumer with as much information as possible so the consumer will choose a house that is best suited for their family and lifestyle; however, it does the home buyer a disservice to put forth information that does not tell the entire story.

Standards for Project Qualification

In qualifying projects that are eligible to benefit from grants established in the bill, it is important to have enough flexibility to encourage regionally appropriate sustainable development within the widely varied climatologic, geographic and economic realities that exist around the country. A reasonable variety of standards should be approved for use by developers to allow for the flexibility needed to make sound site selection, design and construction decisions, while also implementing the sustainability goals of the overall initiative.

One such standard is the ICC 700 *National Green Building Standard* (NGBS), which was published in January 2009 after two years in development and a full year review by the American National Standards Institute (ANSI). To date the NGBS is the only residential green standard to carry the ANSI approval and is thus compliant with the Federal government's National Technology Transfer and Advancement (NTTA) Act of 1996 (PL 104-113), requiring federal agencies to recognize and incorporate existing public consensus standards whenever possible. In addition to its approval by ANSI, the credibility of the NGBS can be attributed in large part to the diversity of the groups involved in its creation including: the Department of Energy (DOE); Environmental Protection Agency; the U.S. Navy; Building Code Officials, the US Green Building Council (creators of the LEED program), Sustainable Building Industry Council and the Green Building Institute (creators of the Green Globes program, which just received ANSI approval for Green commercial construction).

Of particular benefit to the home building community is the diverse applicability of the National Green Building Standard: it can be used to rate new single and multi-family buildings, as well as renovations and additions and, of chief importance with respect to the *Livable Communities Act*, the development of land. Specifically, Chapter 4 of the ICC 700 provides a stand-alone criterion for the development of communities that acknowledges the importance of the use of infill and a greyfield site development, proximity to public transportation and community resources, cluster development, mixed use buildings, higher residential density and the preservation of natural resources.

Presently the NGBS is being considered by DOE in a recently announced effort to provide Energy Efficiency and Sustainable Design Standards for new federal residential buildings. It is also named in the

current version of *The GREEN Act* (H.R. 2336) and *The Energy Efficiency in Housing Act* (S. 1379) which provides incentives for new and existing structures financed by the U. S. Department of Housing and Urban Development to meet or exceed the minimum energy efficiency standards. Further, state and local policymakers are integrating the NGBS into local public green building initiatives. So far, it has been included in green building incentive programs in Arkansas, New Jersey, New York and Pennsylvania. Finally, the NGBS defines the residential criteria in the current draft of the International Green Construction Code (IGCC). Given the pedigree of the NGBS, and its application in several other initiatives, approval for its inclusion for use in the *Livable Communities* initiative would allow for greater synergy between a growing number of other green building programs, and thus increase the likelihood of developer participation and the overall success of the initiative itself.

Stakeholder Input

NAHB members have experienced difficulty getting the types of financing and approvals needed for some of the mixed-use and innovative projects that could potentially be required by this legislation. In light of these difficulties, the Office needs to engage the stakeholders, particularly those businesses and individuals in the building industry, responsible for implementing the new regulations put forth by the Office. It is essential for the Office to understand the market and the regulatory challenges of putting the goals of “livable communities” into practice. NAHB recommends the Office reach out to the relevant, affected stakeholders for information on best practices and ways to build public-private partnerships to better understand the type of planning, financing, cooperation, and resources that are required to implement sustainable development successfully. This is especially important for understanding the different needs and practices in communities and regions across the country.

Additionally, it is imperative when creating policies centered on “livability,” regardless of whether the decision is made by local, state or federal governments, to be mindful of the current financial environment. Support from the broader lending community is critical, because without proper financing the projects will not happen the way that policymakers are envisioning. The availability of all forms of credit for developers will significantly influence what can be built, by whom, and where. Currently there is a dearth of financing for development, but federal grants can help with the financing of riskier and financially challenging projects; however, such grants should be flexible enough to allow for the public and private sector to craft projects that make sense locally.

Grant Program

H.R. 4690 provides for new grant programs that would help “eligible entities” (as defined in the bill) carry out projects that coordinate land use planning processes. Our understanding is that these funds could be used to conduct research, assess needs and develop comprehensive regional plans. The bill requires the eligible entities to hold at least one public hearing on any project that is submitted for grant funding. In reviewing these programs, NAHB has the following suggestions:

Public hearings: NAHB suggests that one hearing may not be sufficient to provide stakeholders the opportunity to comment on the proposed projects. The public should be updated on any changes that are made to the original proposal (which would theoretically be the topic of the one and only hearing). NAHB thinks it makes sense to have at least two public hearings so the public is aware of any changes to the proposal.

Selection Criteria: NAHB believes that an important selection criterion should be demonstration of public support. The selection criterion does include developing partnerships throughout an entire micropolitan or metropolitan statistical area; however that does not necessarily translate into public support. In other words, input from stakeholders actually affected by the proposal should be weighed when the Office evaluates which applicants will be awarded the grants. This could be done through the comment process.

Conclusion

NAHB believes H.R. 4690, particularly the coordinated Office of Sustainable Housing and Communities, contains positive ideas. However, NAHB has concerns with how the bill will be implemented. Most importantly, NAHB believes land use decisions should be kept at the local level. Additionally, NAHB is concerned with the development of the new housing location affordability index and the standards for qualification as a “livable community.” As highlighted above, “sustainable” development is more complex than conventional development, and this makes each project unique, as well as more susceptible to market fluctuations. NAHB urges Congress and the overseeing agencies to ensure incentives or grant programs are flexible to account for these differences.

Thank you for the opportunity to submit this statement. Please direct any questions on this statement to Annie Bartlett at (202) 266-8307 or abartlett@nahb.org.



National Center for Healthy Housing

Statement on the Livable Communities Act of 2010 – H.R. 4690
House Financial Services Committee Hearing
September 23, 2010

The National Center for Healthy Housing supports the Livable Communities Act. As championed by Representative Ed Perlmutter and 36 co-sponsors (and counting), this legislation envisions a nation-wide plan to promote livable communities through sustainable infrastructure for transportation, housing, land use, and economic development. The act establishes an Office of Sustainable Housing and Communities (OSHC) as well as an independent Interagency Council on Sustainable Communities in the executive branch to administer and oversee grants that support building and development projects at the local, regional and nation levels.

The Act's provisions will ensure that people across the US enjoy the benefits of well-designed, highly coordinated strategies for location-efficient, energy-efficient communities. Inherently, living in sustainable communities benefits people's health on many levels. Healthy housing strategies also can contribute significantly to sustainability and energy efficiency as well as long-term housing affordability.

We believe that good ideas in other House bills could complement the provisions already in the Act. We would encourage the Committee to seriously consider H.R. 3891, the Safe and Healthy Housing Act of 2009, and H.R. 3793, the Healthy Housing Council Act of 2009, to fortify the strategies in the Livable Communities Act during the upcoming deliberations. Both of these bills are supported by the National Safe and Healthy Housing Coalition. They provide for an interagency council to recommend actions to eradicate housing-related health hazards; study of how sustainable building features, such as energy efficiency, in housing affect the indoor environment and occupant health; health hazard reduction grants to leverage categorical grant programs to ensure that energy efficient homes are healthy and that healthy homes are energy efficient; the development of minimal health-based standards for cost-effective housing interventions; community capacity-building to bring the standards into homes; outreach to build awareness of the benefits of a healthy home, such as a seal of approval.

In addition, we urge the Committee to consider again building code grants for enactment and enforcement of building codes from the Community Building Code Administration Grant Act of 2009, H.R. 2246. This competitive grant program to provide grants to states, localities, and tribal authorities to fund code updates and enforcement is supported by the National Safe and Healthy Housing Coalition and the International Code Council.

Attached for the record is our press release regarding similar Senate Banking Committee action in weaving healthy housing into the Livable Communities Act last month.

We are available to support the Committee in its deliberations, and thank the Committee for considering the Livable Communities Act.

Building a Healthy Home Environment for All Children

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Livable Communities Act of 2010 Marks First Bill to Include Healthy Housing Provisions

8/5/2010

Livable Communities Act of 2010 Marks First Bill to Include Healthy Housing Provisions

Columbia, MD (August 5, 2010) "The Livable Communities Act of 2010 passed another major legislative milestone this week when it was reported out of the Senate Banking, Housing, and Urban Affairs Committee. It is the first major legislation to include healthy housing provisions, representing an unprecedented commitment from Capitol Hill to work for healthier housing for all Americans.

The Livable Communities Act of 2010, championed by Committee Chairman Chris Dodd (D-CT), proposes a nation-wide plan to promote livable communities through sustainable infrastructure for transportation, housing, land use and economic development. The act establishes an Office of Sustainable Housing and Communities (OSHC) as well as an independent, Interagency Council on Sustainable Communities in the executive branch to administer and oversee grants that support building and development projects at the local, regional and nation levels.

The National Center for Healthy Housing applauds Senator Dodd for working closely with long-time healthy housing advocate, Senator Jack Reed (D-R.I.) to incorporate healthy homes language and provisions into the bill.

I am pleased the Banking Committee approved this bill. This is an important step toward making healthy homes a reality for more families across the country. Residents of poorly designed, constructed or maintained housing are at greater risk for serious illnesses and injuries, including cancer, asthma and childhood lead poisoning, and this bill targets housing related health hazards in order to reduce these health risks," said Senator Jack Reed (D-R.I.).

The Livable Communities Act of 2010 reflects a much needed commitment to improve substandard housing for all families. With nearly 6 million U.S. households living in homes with plumbing problems, electrical hazards, water leaks and pest infestations, the legislation provides resources to help families attain healthier living environments," said Rebecca Morley, executive director of the National Center for Healthy Housing.

The healthy housing provisions of the Livable Communities Act of 2010 moves federal policy and funding to meet the needs that we are seeing at the local level," said Ronald Kraatz, LAMPP project director at Connecticut Children's Medical Center.

Healthy Housing provisions in the Livable Communities Act of 2010 include:

- Creation of an Office of Sustainable Housing and Communities within the Department of Housing and Urban Development to coordinate policies and initiatives that foster livable communities which provide long-term affordable, accessible, energy efficient, healthy, location-efficiency housing choices.
- A new Interagency Council on Sustainable Communities with responsibilities that include supporting healthy housing, recommending legislation or other actions to eradicate housing-related health hazards, and conducting a detailed study of how sustainable building features, such as energy efficiency, in housing affect the quality of the indoor environment, the prevalence of housing-related health hazards, and the health of occupants.
- A new Community Zoning and Land Use Planning Grant and Building Code Enforcement Grant Program. The competitive grant program will provide grants to states, localities, and tribal authorities to fund code updates and enforcement. This provision largely incorporates the Community Building Code Administration Grant Act of 2009, key healthy housing legislation supported by the National Safe and Healthy Housing Coalition and the International Code Council.

Building a Healthy Home Environment for All Children

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- Two new grant programs that will advance healthy homes at the local level, including a Comprehensive Planning Grant Program totaling \$475 million and a Sustainability Challenge Grant Program totaling \$2.2 billion over four years.

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**Carroll County, Maryland
Agricultural Preservation Program
Installment Purchase Agreement Program**

Summary Composed by Jeffrey C. Everett, Preservation Specialist
Carroll County Land Preservation Program

Created by Howard County, Maryland, in 1989, Installment Purchase Agreements (IPA) are an arrangement whereby landowners defer receipt of their easement payment (principal) in return for semiannual interest payments over a specified time period from 15 to 30 years. Typically, the interest rate paid to the landowner is determined by the current yield on U.S. Treasury Securities known as Zero Coupon Bonds, which the County purchases to fund the principal. When the bond matures, the landowners receive a lump sum payment of principal. This arrangement is mutually beneficial to the County and the landowner. Zero Coupon Bonds can be purchased by the County for a significant discount off of face value enabling the acquisition of more easements in a given fiscal year, thereby counteracting the effects of land escalation on easement prices since the time period for purchasing easements and reaching the County's goal of 100,000 preserved acres is compressed. Simultaneously, landowners are able to realize significant tax benefits, since the semiannual interest payments are exempt from state and federal taxes. Furthermore, landowners are able to realize this interest off of pre-capital gains dollars, as capital gains taxes are deferred until the lump sum principal payment is received at the end of the term. In essence, landowners are able to keep more of the easement payment that they are receiving for their development rights when compared with a cash payment, which requires that a significant portion of that payment be paid back to the government in the form of taxes.

Employed in Carroll County since 2002, the IPA Program was overhauled in 2009 to reflect current economic conditions in the marketplace. To keep the program attractive in a period of low interest rates, the County has established a policy of paying a higher interest rate than current yield on Zero Coupon Bonds, which will generate additional tax free interest for landowners. However, landowners are required to reduce their asking price from what they might receive from a MALPF cash offer, thereby accepting as principal payment an easement value that is closer to the property's true easement value as opposed to the formula-derived easement value calculated by MALPF. If a landowner is willing to further discount their easement value in return for a higher interest rate, they may be in a position to take advantage of federal tax deductions for bargain sales of conservation easements. In essence, the deduction would be for the difference between the appraised easement value and the easement value the landowner actually received as principal. A lower easement payment likewise reduces capital gains taxes, keeping more money in the landowner's pocket.

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01 December 2010

Committee on Financial Services
ATTN: Terrie Allison
Fax (202) 225-4254

To Whom It May Concern:

Please find below responses to the questions submitted by Representative Moore in the October 8, 2010 letter from Mr. Thomas Duncan, General Counsel.

Question to the 2nd Panel from Representative Dennis Moore (KS-03)

"Perspectives on the Livable Communities Act of 2010"

Full Committee Hearing, 2:30 PM, September 23, 2010, 2128 Rayburn House Office Building

Properly enforced building safety, fire, and energy conservation codes protect local communities from natural and man-made disasters that impact our homes, businesses, workplaces and schools. Currently, many local jurisdictions have limited revenue and do not have sufficient funding to enforce local building codes. As a result, enforcement is lax, which threatens public safety. Additionally, funds could be used to monitor and inspect foreclosed buildings and housing stock to ensure public safety and welfare.

What is the level of building code enforcement that is taking place in your jurisdiction, and would a competitive, matching grant program encourage building code enforcement and be consistent with the goals of the Livable Communities Act?

Procedures for Code Enforcement in Carroll County, Maryland from a Public Safety and Building Construction Perspective:

The Office of the Maryland State Fire Marshall is responsible for code enforcement in Carroll County, Maryland. Carroll County Government employees are not responsible for field enforcement. Our employees review building structures for compliance in accordance with regulations from the State Fire Marshall and the Carroll County Building Code. Upon review, our staff reports to the State Fire Marshall, who is then responsible to act upon the code and enforce compliance if necessary.

Carroll County has adopted codes associated with building, plumbing, mechanical, energy, ADA and livability. Our staff and jurisdiction have an excellent record of safeguarding the safety and welfare of our citizens within the built environment. We work along side engineers, architects, owners and contractors to provide a code compliant project that is safe for both the occupants and emergency personnel.

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Committee on Financial Services
ATTN: Terrie Allison
01 December 2010
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Small jurisdictions do not always have sufficient staff to meet their needs, especially when it comes to the grants process. In Carroll County, population 175,000, we are very fortunate to have adequate staff in all departments, including our grants office. Many years ago, before we really started growing, it was difficult to apply for grant programs. The staff time and knowledge necessary to analyze each application process was more than we could afford. Over the years, we have been able to bring people on board to help us with this process. As a result, Carroll County has greatly benefited from the federal funding we have received.

Although a competitive matching grant may assist in providing additional support to local governments enforcing codes, my concern is if a grant is accepted and then in the future not renewed, where will it leave the jurisdiction? We must educate our citizenry of the importance of these codes thereby allowing each jurisdiction to support a fee based system to fund the enforcement of these requirements. Carroll County realizes these standards and our enforcement allows our citizens to live, work and play in a safe environment.

I would be happy to answer any additional questions you may have. We look forward to working with you and your staff in the future. Thank you for your time and consideration.

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