

NLC RESOLUTION # 2008-13

**REGARDING PROPOSED COMMUNITY DEVELOPMENT BLOCK GRANT
REFORMS**

WHEREAS, the Community Development Block Grant (“CDBG”) is the most effective form of federal assistance currently available to local governments -- it is the most successful federal block grant and the model against which all future federal programs must be measured; and

WHEREAS, CDBG provides cities and counties with annual predictable levels of funding to address their unique low- and moderate-income neighborhood revitalization needs; and

WHEREAS, CDBG successfully mobilizes resources and addresses housing, community and economic development, and physical infrastructure needs in communities across the country.

NOW, THEREFORE, BE IT RESOLVED, that the National League of Cities urges the federal government to increase funding for CDBG as an investment in the future of America’s communities;

BE IT FURTHER RESOLVED, that to lower administrative costs of local communities in complying with CDBG, the federal government must provide a streamlined process for administration of CDBG funds, and this process should capitalize on the performance reports currently being submitted by communities in compliance with the program;

BE IT FURTHER RESOLVED that NLC urges Congress to maintain the broad flexibility given to local governments to use CDBG funds in their communities, because that flexibility is critical to the effectiveness of the CDBG program; thus NLC opposes any new federal restrictions on CDBG eligible uses.

NLC RESOLUTION #2008-14

FREE TRADE AREA OF THE AMERICAS AGREEMENT

WHEREAS, the National League of Cities supports the goal of expanded trade and recognizes the benefits of strategic trade for local economies; and

WHEREAS, the United States Trade Representative (USTR) is negotiating with 34 countries in the western hemisphere to create a Free Trade Area of the Americas (FTAA) that would eliminate barriers to trade, investment and services, while creating a single structured set of trade rules among member countries; and

WHEREAS, the FTAA chapter on subsidies includes subsidy rules that potentially conflict with state and/or local law-making to promote economic development; and

WHEREAS, the FTAA investment chapter creates foreign investor rights that potentially conflict with traditional local land-use decision-making ability; and

WHEREAS, the risk of conflict between proposed FTAA rules on trade that will inhibit services and state or local law is relatively high because over 75 percent of the economy is now in the service sector, and many services are regulated or provided by state and local governments, including programs designed to assist disadvantaged areas; and

WHEREAS, the risk of conflict between proposed FTAA procurement rules that affect state and/or local law is relatively high because over two-thirds of public procurement in the United States occurs at the state and local level, including programs designed to assist disadvantaged areas; and

WHEREAS, the traditional local authority of municipal officials to develop and implement necessary policies for their constituents must not be jeopardized by provisions of the FTAA.

NOW, THEREFORE, BE IT RESOLVED that the Administration and Congress should consult with state and local officials prior to negotiating any provisions of the FTAA to ensure that trade negotiators do not undermine the scope of local governmental authority under the Constitution, while assessing the impact of a proposed agreement on state and local laws for future law-making authority, and, when necessary, providing general exceptions to safeguard local sovereignty and protect effective local programs and initiatives.

NLC RESOLUTION #2008-15

HOMEOWNERSHIP: KEEPING THE AMERICAN DREAM ALIVE IN AMERICA'S CITIES

WHEREAS, there is broad consensus that the American housing finance system is the best in the world and the U.S. homeownership rate is at a historic high of 68 percent; and

WHEREAS, that homeownership is the foundation for stable and healthy communities; that through the recent downturn in the U.S. economy, housing remained one of the strongest engines of growth; and

WHEREAS, due to the efficiency of the housing finance system, housing is one of the key engines driving our economy. When more of our citizens own their homes, communities and the local economy are strengthened as homeowners make purchases for their homes and pay property taxes; and

WHEREAS, the federal tax deduction for interest on mortgages and home equity loans has fueled that growth; and

WHEREAS, in 2003 homeowners refinanced their mortgages and tapped into their home equity wealth, boosting consumer spending and funneling \$80 billion back into the local economies; and housing-related activities accounted for 9.4 million jobs and contributed \$2.3 trillion to the Gross Domestic Product; and

WHEREAS, a home is the single most important purchase a family will ever make. It's an investment in the future, a safe place to raise children, and having a safe place to call home strengthens families, communities, and our nation as a whole; and

WHEREAS, that the secondary market and government sponsored enterprises (GSE's), Fannie Mae and Freddie Mac, play an integral role in financing every sector of the housing market and therefore contribute to the revitalization, growth and development of cities across America; and

WHEREAS, the GSE's will work with housing partners to fight predatory lending, by bringing safe, low-cost mortgage finance to underserved families and communities most preyed upon; and

WHEREAS, Fannie Mae and Freddie Mac continue to respond quickly in developing and implementing innovative new products and special initiatives to address the unique needs of individual communities and their economies; and

WHEREAS, Fannie Mae and Freddie Mac provide the liquidity and stability essential to ensuring mortgage credit is accessible at the lowest possible cost to homeowners and rental housing providers.

NOW, THEREFORE, BE IT RESOLVED that the National League of Cities supports legislation affecting the housing finance system that:

- serves only to strengthen our world-class housing finance system and make the dream of homeownership attainable for more hardworking Americans; and
- continues to support and promote innovation and creativity and the ability of Fannie Mae and Freddie Mac to partner with local lenders and housing leaders throughout the country to provide timely and unique mortgage solutions that meet specific local needs; and
- takes into careful consideration whether such legislation would disrupt or limit capital, liquidity in the marketplace, or innovation critical to reaching underserved populations and serving American cities; and

BE IT FURTHER RESOLVED that it is essential that the affordable housing goals set for Fannie Mae and Freddie Mac continue to encourage expanded access to underserved communities and maintain a strong focus on closing the minority homeownership gap and housing America's workforce without undermining the support for the broader market; and

BE IT FURTHER RESOLVED that the federal government should maintain the tax deduction for interest paid on mortgages and home equity loans.

NLC RESOLUTION #2008-16

FEDERAL HOME LOAN BANK SYSTEM'S COMMUNITY AND ECONOMIC DEVELOPMENT RESOURCES

WHEREAS, Federal Home Loan Banks (FHL Banks) are 12 regional government sponsored enterprises (GSEs) chartered by Congress in 1932 to provide liquidity to their financial institution members and ensure the availability of funding for affordable housing and community development; and

WHEREAS, FHL Banks have over 8,100 member financial institutions including thrifts, commercial banks, insurance companies and federally insured credit unions serving every community in the United States; and

WHEREAS, the original housing mission of the FHL Banks has been gradually expanded by Congressional and regulatory action to include providing resources for community and economic development; and

WHEREAS, FHL Banks are authorized to serve the needs of America's cities by providing to their members low-cost financing for community development lending; and

WHEREAS, FHL Banks, through their Affordable Housing Program (AHP), have helped provide shelter and stabilize neighborhoods by providing over \$2.9 billion in grants for affordable housing projects since 1990; and

WHEREAS, FHL Banks, through their members assist municipalities and their authorities by credit enhancing taxable bonds and tax-exempt housing bonds through use of their highly-rated Letters of Credit (LOC); and

WHEREAS, Section 149(b) of the Federal Tax Code excludes FHL Banks from the list of GSEs permitted to credit enhance non-housing tax-exempt financing routinely used by cities and their authorities; and

WHEREAS, FHL Banks' investment authority provides opportunities for FHL Banks to directly invest in taxable bonds issued by municipalities and their authorities.

NOW, THEREFORE, BE IT RESOLVED that NLC supports legislative and regulatory efforts adding FHL Banks to the list of GSEs permitted to provide LOCs, through their members on tax exempt bonds; and

BE IT FURTHER RESOLVED, that the National League of Cities supports legislation, regulatory changes and other initiatives designed to expand the ability of FHL Banks to serve the housing, community and economic development, public finance and infrastructure needs of cities through their investment authority, introduction of new business and activities, and development of new initiatives and products.
