



October 18, 2019

Office of the Chief Counsel  
Economic Development Administration  
U.S. Department of Commerce  
1401 Constitution Avenue NW  
Washington, DC 20230

Re: Comments on DOC's Request for Information on Opportunity Zones

Dear Assistant Secretary Fleming:

Thank you for the opportunity to provide comments to the U.S. Department of Commerce (Commerce) on strengthening economically-distressed communities. As nonprofit organizations that work with public, nonprofit and other entities across the country to support economic prosperity, this issue is of great importance to us and to our members. We are pleased to provide input on how Commerce and the U.S. Economic Development Administration (EDA) can spur opportunity in distressed areas through better alignment of services and resources for economic development.

One of Commerce's questions is, "how can public and/or private sector recipients leverage federal grants and loans in a more integrated way?" EDA could benefit distressed regions—both inside and outside of Opportunity Zones (OZs)—by better-aligning the administrative aspects of working with federal programs to lower costs for grantees and put more dollars to work in the community. Two modest, but impactful, suggestions to improve program administration are:

- EDA, and all of Commerce, should work to improve the quality of unsuccessful, but promising applicants, to encourage strengthening their proposals for future requests. The primary means of support should be providing timely and detailed feedback on an unsuccessful application. EDA could further strengthen organizations that are working to improve their regional economies by exploring opportunities for technical assistance to support the potential grantee and its desired project. EDA has a program to fund technical assistance that can be leveraged in these situations. The agency also has connections to numerous, third-party resources, such as its past grantees and organizations like ours, which provide information and assistance to many awardees. Connections to technical assistance will ultimately improve the competitiveness, and the impact, of EDA funding.
- As much as is reasonable for the different purposes of different programs, make application and reporting forms and terms consistent across programs. For example, all EDA programs that require grantees to report jobs could use the same measures, instead of having different measures of jobs for different EDA programs. The current situation has the potential to be confusing for the awardees, while also limiting EDA's ability to aggregate results across programs. Of course, not all program applications and reports need to be identical. To continue with the example, programs with no relevancy to increased employment outcomes do not need to add jobs measures for the sake of consistency. Similar streamlining could occur across other metrics and terms.

Commerce asks, "how can the Federal Government provide increased... flexibility in existing federal programs in qualified OZs?" To the extent that EDA seeks to target OZs for federal investment, the best role for EDA is to provide additional outreach and communications about the availability of federal programs to relevant stakeholders in and around the zone. This effort will help increase applications to support the

OZs and will naturally increase the rate of awards to these areas. Such an approach is consistent with EDA's history of being a good steward of taxpayer dollars by maintaining the purpose and efficiency of existing programs.

At times, federal agencies have prioritized new initiatives by making certain regions extra-competitive for awards. While this method can increase the rate of grant-making to target regions, we do not advise EDA to pursue such a path for OZs. Our rationale for a more cautious approach in this case is that:

- OZs comprise less than one-quarter of census tracts with persistent poverty, and an even smaller percentage of regions meeting either unemployment- or per capita income-based distress;
- The OZ incentive is new and the need, value, and desirability of such favorable weighting is still unknown; and,
- Not all Commerce programs address economically distressed regions as a primary goal—some are intended to address other sources of market weakness (e.g., manufacturing competitiveness or technological development) and are therefore particularly not appropriate for favorable OZ consideration.

Commerce's request for information addresses, "what data would be useful... to evaluate the economic development impact of program investments... in qualified OZs?" EDA could directly benefit OZs by leveraging the agency's reporting data and research capacity to improve understanding of the OZ incentive. The tax incentive lacks reporting for economic development-related impacts, yet there would be broad interest from residents, investors, and other stakeholders in seeing reliable information about employment, sales, and investment growth in the zones. To the extent that EDA programs make investments in OZs, this information is reported to the agency as part of its normal program administration. EDA could separately identify and report on these outcomes to improve understanding of the program. EDA also may be able to leverage its research program to assess the economic development benefits of OZs.

The most important and impactful way EDA can help distressed regions is to provide further resources and funding to organizations and projects across the country. To this end, EDA should continue to be a good steward of taxpayer dollars by investing in the best available applicants and projects and by sharing the impact data and best practices resulting from these investments. Congress should recognize the under-utilization of this agency and provide additional resources for EDA programs and administration.

We appreciate the interest of Commerce and EDA in addressing the needs of distressed areas and thank you for your consideration of our comments. We would be happy to provide additional information, and we stand ready to work with you as partners in creating greater economic opportunities across this great nation.

Sincerely,

International Economic Development Council  
National Association of Counties  
National Association of Regional Councils  
National League of Cities  
Rural Community Assistance Partnership  
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