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Q&A: Toby Rittner, President & CEO, Council of Development Finance Agencies

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Toby Rittner is the latest participant in our Q&A series with prominent economic developers across the country. Toby is the President and CEO of the Council of Development Finance Agencies (CDFA), a role he has held for over 14 years. CDFA is a national association dedicated to the advancement of development finance concerns and interests. CDFA's members include state, county and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs.

What are the key recent trends in economic development that you have seen?

Economic development is rapidly changing with a greater focus in recent years on building from within a community or region's economy as opposed to larger scale recruitment efforts. Economic developers have realized the power of the economic engines that already exist within a community and are focusing on building local strengths rather than spending resources to chase potential new enterprises. While business attraction remains a key part of the economic developer's focus, working to build from within has become paramount to a successful sustainability strategy. As such, economic development has evolved to impact the entire landscape of services such as workforce development, land assembly and preparation, reduction of regulatory barriers and the provision of greater financing capabilities. Particular progress has been made by communities that have focused on building financial resources for the entire continuum of borrowing needs – projects, people and community. Economic developers are learning more and more about the importance of credit and are working to remove barriers to capital that have historically limited such things as small business development, urban infill, environmental remediation and clean energy development. Of particular note,

economic developers are becoming savvy in their use of tools, such as special assessment to drive stronger tax increment finance and energy efficiency retrofits. The emergence of thousands of new revolving loan funds has helped to accelerate the flow of capital to entrepreneurs and historically disadvantaged borrowers. Finally, economic development has also turned towards sustainability with a greater and much welcomed focus on the improvement of the local economy through clean, green and sustainable strategies. Communities that focus on sustainability stand a stronger chance of economic success because modern businesses want both an equitable and environmentally conscious community to call home.

What are the biggest changes you have seen over the past 10 years?

The biggest change I've witnessed is a greater focus on harnessing the community's financial strengths and resources to drive both public and private investment. A decade ago, communities remained highly risk averse and the use of debt tools like bonds, tax increment finance and revolving loan funds were considered too risky in the existing economic climate. Today, the creativity of communities to deploy the development finance toolbox is impressive. CDFA has witnessed hundreds of communities actively engaging the bond market for critical infrastructure around new industrial parks and affordable housing as well as the emergence of credit enhancement tools like special assessment to support mixed-use and clean energy development. More importantly, communities are learning that small financial leverage can go a long way towards attracting private capital investment. This trend is not limited to urban areas. We have seen rural and suburban communities develop and deploy financing programs that address very targeted and direct challenges in the local economy.

What do you feel are some of the up-and-coming cities or markets for development?

There are a lot of cities doing great things in the economic development arena. Noteworthy places that come to mind are the growing food system sector in Detroit, the revitalization of historically depressed parts of Washington, DC, clean energy advancements in Minneapolis and transformative development in inner-city Baltimore and Knoxville. In terms of markets, dozens of cities, like Seattle, Columbus, Pittsburgh, Austin, Fresno and Orlando are heavily investing food systems as a driver of economic development. Milwaukee is aggressively moving into clean energy finance, while Erie, Charlotte and Denver are focusing on attracting opportunity zone capital to drive new economic activity.

What long-term impacts do you expect from the Qualified Opportunity Zone program?

The Opportunity Zone (OZ) program offers great hope for bringing sidelined capital into play. Communities throughout the country are deploying OZ strategies to drive new investment in historically disadvantaged communities. However, OZs have brought more than just capital to communities. The program has become a rally point for deeper, more conscientious engagement around equitable development that doesn't displace people while attracting new investment. The program has also brought more attention to the debt side of financing. While OZs may attract equity investment, projects still need a debt component. More communities are engaging in the development of creative debt instruments like revolving loan funds, bond financing programs and the employment of guarantees and insurance programs to ensure strong OZ investments. The impact of OZs has the potential to bring billions of dollars of investment into

communities throughout the country.

What can we expect from CDFA in the next year or two?

CDFA is rapidly growing and continues to add new programming and research initiatives. The organization is currently focused on developing resources for development finance agencies to deploy and engage greater financing capacity. In 2019, CDFA added a new Intro to Opportunity Zones Finance Course to its CDFA Training Institute offering. In early 2020, the council will launch CDFA TV, an interactive on-demand content service that will provide a variety of digital program for development finance professionals. In addition, CDFA continues to work with the EPA on developing creative brownfield financing strategies and with the US EDA to educate and assist in greater deployment of revolving loan fund programming. Finally, CDFA is watching several emerging markets including food systems finance and tribal/native American financing opportunities. The future is bright for CDFA right now with over 30,000 professionals engaged each week in programming, research, advocacy and networking opportunities. For more information about CDFA visit www.cdfa.net.