



Original Research:

2007 CDFA Development Finance Industry Survey

The Council of Development Finance Agencies (CDFA) conducted an industry survey to better understand and benchmark the economic development finance industry. CDFA launched the survey during the 2007 CDFA Annual Development Finance Summit in Miami, Florida and collected responses through September 2007. In all, more than 150 development finance agencies submitted responses. The report primarily looks at agency demographics, its lead executive and use of development finance tools. The following summary illustrates the findings. The appendix details these summary findings.

Summary of Findings

I. Agency Demographics

Survey respondents were asked to provide basic information about their respective agency and its operations in 2006. The following highlights some of the more noteworthy findings from aggregated responses.

2006 Agency Trends

Survey participants, representing a wide-range of public finance agencies, reported a great deal about their agency, geography they serve, the size of their operating budgets and how much of their annual budget goes to directly finance development. This information provides a brief glimpse into how development finance agencies operated in 2006.

Agency Structure

- 65 percent of survey respondents represent public agencies
- 26 percent are non-profit agencies
- Eight percent are public/private finance agencies
- One percent are port authorities

Geographic Area Served

- 28 percent of agencies serve a city
- 25 percent serve a county
- One percent serve a national territory
- 14 percent serve a region
- 32 percent are statewide agencies
- 42.5 percent of non-profit agencies serve a region, while 12.5 percent of non-profits serve a city
- Of public agencies, 37 percent reported serving a state, 36 percent serve a city and 25 percent represent a county
- Two percent of public agencies serve a region

Budget Directly Financing Development:

- 33 percent of agencies indicated that less than 10 percent of their annual budget directly finances development
- 14 percent of agencies indicated that 11-20 percent of their budget is used to directly finance development
- 47 percent of agencies use less than 20 percent of their budgets to finance development
- Of agencies where less than 10 percent of their budget directly financed development, 61.5 percent are public agencies, while 30.8 percent are non-profit agencies
- Of agencies who reported 11-20 percent of their budget directly financed development, 81 percent were public finance agencies



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- The largest percentage of public/private financing agencies (33.3 percent) spend between 41-50 percent of their budget directly financing development
- 53.3 percent of agencies who indicated having an operating budget of less than \$199K spent less than 10 percent of their budget directly financing development
- Of agencies who reported their operating budget to be between \$5M-\$9.9M, 50 percent reported that 21-30 percent of their operating budget directly financed development

Operating Budget

- 45 percent of agencies reported agency budgets of less than \$1M as follows: 10 percent less than \$199K, 16 percent between \$200-\$499K, and 19 percent between \$500-\$999K
- 16 percent of agencies indicated having budgets of between \$1M-\$4.9M
- Of agencies with a budget of either \$25M-\$49.9M or \$50M-\$74.9M, 100 percent are public agencies
- Of agencies with an operating budget of more than \$75M, 81.8 percent reported they were public agencies
- Agencies serving a national territory represent the largest percentage of agencies with operating budgets in the \$1M-\$4.9M (62.5 percent) and \$25M-\$49.9M (71.4 percent) categories
- Of agencies with annual operating budgets of more than \$75M, 59.1 percent serve a city

II. Demographics of Agency Lead Individuals

Agencies were asked to provide information pertaining to their lead individual for calendar year 2006. The following demonstrates the notable findings from their responses.

2006 Trends Among Development Finance Lead Individuals

In 2006, the data exhibits great diversity among the characteristics of agency lead individuals. Information gathered included title, education, salary, and experience of the lead individual. Cross-tabulations were also performed with other general agency information (i.e. geographic area, type of agency, budget size, etc.) to reveal additional trends. The following represents significant findings from 2006 pertaining to development finance agency lead individuals.

Experience

- 47 percent of agency leads had 16 or more years of experience. 55 percent of agency leads have more than 10 years of experience
- Of agency leaders earning \$49,999 or less, 55.5 percent had less than six years of experience
- Of leaders earning more than \$150,000, 75 percent reported having more than 10 years of experience
- 64 percent of statewide agency leaders were reported to have more than 10 years experience, showing higher levels of leadership experience than county or city agency leaders
- 63.6 percent of regional agencies' leaders have more than 10 years of experience
- City and county agencies had 44.2 percent and 50 percent, respectively, of leaders with more than 10 years experience
- City and county agency leaders also had the highest percentage below three years of experience (23.3 percent and 18.4 percent respectively)

Education

- More than half of agency leaders (56 percent) had a post-graduate degree
- 43 percent of agency leaders earned a master's degree



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- Public-private agencies had the lowest percentage of leaders with post-graduate degrees (16.7 percent)
- 62.5 percent of non-profit agencies leaders had a master's degree or higher, the largest concentration of all agency structures
- City-based agencies had the highest level of post-graduate degrees with 62.8 percent

Salary

- Salary of the lead individual was distributed almost evenly between those making more than \$100,000 (44 percent) and those making less than \$100,000 (47 percent)
- 29 percent of agency leaders earned between \$75,000 and \$99,999, the largest reporting cohort
- Two-thirds of public-private leaders earned more than \$100,000 (including 25 percent more than \$150,000)
- 52.5 percent of agencies reported non-profit leaders earning less than \$100,000
- Non-profit agencies also had the largest percentages for leaders in the less than \$49,999 group (10 percent) and the \$50,000-\$74,999 group (20 percent)

Title

- More than half of agency leaders (51 percent) had the title executive director (35 percent) or director (16 percent)
- 18 percent of agency leader were given the title President and 13 percent chief executive officers
- 60 percent of public agencies prefer the executive director/director title
- Non-profits and public-private finance agencies are more likely to use the terms CEO or president. For non-profits, 42.5 percent of leaders were president and 17.5 percent CEO
- 50 percent of public-private leaders were given the title president, while 25 percent CEO

III. Use of Development Finance Tools

Survey respondents were asked to provide feedback on the use of the available financing tools for calendar year 2006. The following demonstrates the notable findings from these responses.

2006 Financing Trends

In 2006, the use of tools for financing projects varied greatly. Well-established tools, such as IDBs, TIF and tax credits, financed far fewer projects than likely perceived. Federal funding and targeted tools, such as revolving loan funds, were highly used for financing deals. The following represents the trends in these areas for 2006.

Industrial Development Bonds

- 10 percent of agencies used IDBs to finance 46-60 percent of their 2006 deals
- 60 percent of agencies used IDBs to finance less than 15 percent of their 2006 deals

Tax Increment Finance

- 11 percent of agencies used TIF to finance 16-30 percent of their 2006 deals
- 70 percent of agencies used TIF to finance less than 15 percent of their 2006 deals

Tax Credits

- 11 percent of agencies used tax credits to finance 16-30 percent of their 2006 deals
- 73 percent of agencies used tax credits to finance less than 15 percent of their 2006 deals



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Revolving Loan Funds

- 21 percent of agencies used RLFs to finance 16-30 percent of their 2006 deals
- 39 percent of agencies used RLFs to finance less than 15 percent of their 2006 deals

Federal Funding

- 22 percent of agencies used federal funding to finance 16-30 percent of their 2006 deals
- 11 percent of agencies used federal funding to finance 46-60 percent of their 2006 deals

Financing Tool Use Trends

Generally, finance agencies continue to rely on federal funding for the bulk of the resources dedicated to financing development. In 2006, 34 percent of agencies frequently used Community Development Block Grant (CDBG) & Department of Housing and Urban Development (HUD) funding. The use of well-tested tools, such as IDBs and TIF was considerably less and the use of tax credits remains alarmingly low. Revolving loan funds continue to be a popular and highly used financing tool. The following is a rundown of the notable trends in the use of financing tools.

Industrial Development Bonds

- 27 percent of agencies frequently use this tool
- 31 percent of agencies do not use this tool

501(C)(3) Bonds

- 21 percent of agencies frequently use this tool
- 40 percent of agencies do not use this tool

Tax Increment Finance

- 21 percent of agencies frequently use this tool
- 37 percent of agencies do not use this tool

General Revolving Loan Funds (RLFs)

- 43 percent of agencies frequently use this tool
- 21 percent of agencies do not use this tool

Brownfield Loans

- 20 percent of agencies rarely use this tool
- 42 percent of agencies do not use this tool

Loan Guarantee Programs

- 17 percent of agencies frequently use this tool
- 35 percent of agencies do not use this tool

Grants for Development Projects

- 21 percent of agencies frequently use this tool
- 28 percent of agencies do not use this tool

Tax Abatements

- 21 percent of agencies frequently use this tool
- 28 percent of agencies do not use this tool



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Federal Historic Tax Credits

- Three percent of agencies frequently use this tool
- 50 percent of agencies do not use this tool

New Markets Tax Credits

- Five percent of agencies frequently use this tool
- 45 percent of agencies do not use this tool

CDBG & HUD Funding

- 34 percent of agencies frequently use this tool
- 23 percent of agencies do not use this tool

USDA Rural Development Programs

- 14 percent of agencies frequently use this tool
- 43 percent of agencies do not use this tool

Reasons Why Financing Tools are Not Used by Agencies

CDFA continues to monitor the use of financing tools nationwide and asked respondents to provide feedback on the reasons that their agency does not use tools. The results indicate that education and a general lack of resources lead to tools being underutilized. Additionally, the complexity of many financing tools contributes to their lack of use indicating the need for more education and streamlined program development.

- 18 percent of agencies indicated that the complexity of programs caused them to not use many programs
- 17 percent of agencies indicated a lack of staff knowledge about financing tools as a reason for not utilizing programs
- 16.9 percent of agencies indicated that their organization lacked resources to implement many financing programs
- 13 percent of agencies indicated that a lack of political support was a reason for not utilizing many programs