



MACDC Announces Updated Policy Recommendations in Response to the Public Health and Economic Crisis April 23, 2020

On March 23, 2020, MACDC announced our initial policy recommendations in response to the COVID-19 Public Health and Economic Crises. We are pleased that some of these recommendations have been fully or at least partially adopted. At the same time, we see new issues emerging and the needs grow as the crisis continues. Therefore, MACDC is putting forth these updated policy recommendations as we continue to advocate for policies that will mitigate the devastating impacts of this crisis.

The COVID-19 Pandemic continues to impact every person and community across the state, the country, and the world. Yet sadly, but not surprisingly, we see growing evidence that this pandemic is having a particularly significant impact on the most vulnerable among us, including many in our communities. It has revealed and exacerbated the persistent racial and economic inequities in our society.¹

MACDC calls on our local, state, and federal policymakers to marshal the resources and policies needed to mitigate the economic crisis while continuing to take all necessary steps to protect public health. As this crisis evolves, we will continually update our recommendations based on what we are seeing in our communities, the policy response of our local, state and federal governments, and on our evolving understanding of the public health and economic impact stemming from the pandemic. As we prepare for our annual Lobby Day on April 28, 2020 (our first ever “virtual lobby day”) we offer these recommendations.

The Commonwealth Must Respond at Scale to Match the Crisis

The scale of this crisis will require a significant investment of resources, precisely at a time when state and local revenues are dropping. Unlike the Federal Government, Massachusetts cannot run a deficit. While we think it is necessary to raise taxes fairly and equitably to generate the resources we need, there are three immediate sources of funding that can be tapped now to respond to this emergency:

- **Rainy Day Fund:** We agree with the [Massachusetts Budget and Policy Center](#) that these are precisely the circumstances for which the Rainy-Day Fund was created. Now is the time to deploy a significant portion of the \$3.5 billion available in that Fund;

¹A report by the Mass. Public Health Association found that Latinx people were three times as likely to get COVID-19 as whites and African Americans were 2.5 times as likely. <https://mapublichealth.org/wp-content/uploads/2020/04/Press-Release-Data-Disparities-4.22.20-Final.pdf>
<https://www.mass.gov/doc/confirmed-covid-19-cases-in-ma-by-citytown-january-1-2020-april-22-2020-pdf/download>

- **General Obligation Bonds:** The Governor should significantly increase the annual cap on General Obligation Bonds – at least in the short run – to provide some of the capital needed to address this crisis, in particular to provide additional funding to affordable housing and mixed-use projects that face growing shortfalls;
- **Federal Dollars:** Federal dollars can and should be used by local governments and the state to support some of the priorities identified in this memo. Hopefully, further flexible funding will be coming from the federal government in subsequent legislation. The State must ensure that these federal funds are utilized expeditiously, efficiently, equitably and transparently.

Our Economic Response must be equitable and focus on the most vulnerable

This economic crisis will not impact everyone equally. Some of us will be able to retain our jobs and/or rely on our wealth and savings (or that of our family members). Many of us will lose our jobs and don't have the benefit of accumulated wealth to cushion the blow. We know that Massachusetts has a significant and pervasive racial wealth gap that this crisis will expose and worsen. MACDC collaborated with other organizations to survey over 500 small business owners across the state and 43% said they would rely on personal savings to survive the shutdown. This reality has deep racial implications given that a Federal Reserve Bank of Boston study has found that white households have an average of \$247,000 in wealth compared to just \$8 for black households. Therefore, our response should focus on driving resources to those who most need the support during this crisis.

Policy Recommendations

Since issuing our first policy paper on March 23, we are pleased with the progress made with some of those recommendations. These achievements are [summarized in a recent blog post](#). However, there is more to do. We believe the federal government needs to do more and because it can provide substantially more money than local or state governments. We are advocating with our Congressional delegation on a range of issues related to small business support, affordable housing and community development. But that does not mean that the state does not need to act as well. Therefore, as we approach our annual State House Lobby Day on April 28, we are offering an update to our state policy recommendations.

Small Business Relief & Recovery

The Pandemic has forced small businesses across the state to close, or dramatically reduce operations. They have been forced to lay off thousands of employees and many are at risk of bankruptcy or closure. We need a dramatic emergency response to help small businesses, especially those from lower-income communities, so they can survive the immediate shutdown and quickly recover when they can reopen.

Much of the focus so far has been on implementing the Federal Government's relief programs, particularly the Payroll Protection Program. While this program has brought \$10 billion of capital to nearly 47,000 small businesses and nonprofits in the Commonwealth, the program's design and its implementation have left many businesses behind. While we will continue to

advocate for reforms to PPP, we are also working to create a support infrastructure across the state that can help small businesses access this program.

Massachusetts needs to invest \$150 million to support impacted small businesses: We believe that Massachusetts needs to deploy its own funding to ensure that small and micro businesses have the knowledge and technical support to fully access PPP and other federal programs. We also need resources for businesses who can't or don't access the PPP program or need additional support to pay fixed costs not covered by PPP.

Specifically, [MACDC has joined with over 78 other organizations](#) to urge the Legislature and the Governor to deploy \$150 million through the following initiatives:

- \$10 million in supplemental funding to boost the existing Small Business Technical Assistance Program to enable a diverse network of 45+ community-based organizations to meet the surge in demand coming from the thousands of small, underserved businesses that they serve, including those owned by people of color, women, immigrants, and low- or moderate-income people. Among other things, these organization can help small businesses apply for federal assistance.
- \$30 million for a grant program to support micro-businesses and low-to-moderate income entrepreneurs impacted by the COVID-19 Crisis (a similar program was proposed in Governor Baker's Economic Development legislation filed in March). Grant programs are critical for businesses that can't take on more debt which is why [Maryland](#) has a \$50 million grant program, [Michigan](#) has a \$10 million grant program and [New York City](#) has a \$27 million grant program. We believe both local and state government should use new CDBG funding to help implement such a program (DHCD received \$20 million in extra CDBG funding in the first allotment from the CARES Act).
- \$35 million to enable community development financial institutions to reach underserved populations, such as women and minority-owned businesses, with creative and flexible loan or grant products and to leverage federal and private funding to support small businesses impacted by the COVID-19 Crisis. A similar program was proposed in Governor Baker's Economic Development legislation filed before the crisis – we urgently need to expand and implement that proposal quickly.
- \$75 million to MGCC for a revolving loan fund to help businesses unable to access SBA financing, with a focus on communities of color, immigrant communities, rural towns and Gateway Cities.

Creation of a Massachusetts COVID-19 Small Business Response Task Force

This Task Force should be chaired by the Secretary of EOHEd (or his designee) and be comprised of state officials, quasi-public entities, banks, CDFIs, CBOs and small business leaders. The Task Force should coordinate efforts to help small businesses survive the immediate public health crisis and recover during the longer-term economic crisis. The Task Force should plan to operate for at least two years. It would be responsible for monitoring the impact of the crisis on small businesses, evaluating the efficacy of various interventions, and

making recommendations for new or modified policy efforts. The task force should have a laser focus on equity and inclusion

Housing Relief and Recovery

Prior to the COVID-19 crisis, Massachusetts already faced a dire housing crisis. The situation is now even more urgent. Thankfully, the legislature has enacted, and the Governor has signed into law, a strong eviction and foreclosure moratorium that will enable most people to remain stably housed during the health crisis. However, we need to make sure that people can still pay their rent and mortgages, so we avoid a wave of evictions or foreclosures in a few months when the moratorium is ended.

- **Expand Residential Assistance for Families in Transition (RAFT)** with at least \$50 million in emergency funding. RAFT is a proven program that helps households with very low incomes cover housing related expenses and remain housed. Considering the current public health and economic crisis, MACDC supports the following changes to RAFT, in addition to increased funding, so it can help reach more families in need:
 - Lowering eligibility threshold, reducing documentation requirements and allowing people to apply on-line;
 - Extending eligibility up to 80% AMI (Area Median Income) while ensuring the program provides targeted assistance to extremely low-income households;
 - Expanding the upstream pilot program under RAFT to allow up to 4 months of back rent or mortgage payments to improve access to the program.
- **Devise a workable plan for impacted homeowners and small landlords to suspend mortgage payments for up to six months** by advocating for such a policy with federal and state bank regulators and/or by partnering with banks and mortgage lenders that participate in state sponsored lending programs with Massachusetts Housing Partnership and MassHousing. Payments should be deferred until the end of their loans, not waived, and borrowers should not face late fees or negative reporting to credit bureaus. Mayor Walsh has secured commitments from 12 banks to adopt this approach for homeowners in Boston; we support such a program across the state.
- **Expand funding for Foreclosure Prevention and First-Time Homeowner Counseling:** At the beginning of the Great Recession, the legislature created the so-called Chapter 206 grant program to support nonprofit agencies providing counseling to homeowners at risk of foreclosure as well as first-time homebuyers. The program is funded through licensing fees collected from mortgage originators. Recently, the Division of Banks provided \$1.5 million to community organizations to support this essential counseling.

However, the FY 2020 state budget allows them to provide an additional \$800,000 for this program. We urge the Governor to provide a supplemental round of funding to award an additional \$800,000 in grants to address the current surge in demand. We furthermore request that the Baker Administration and the legislature provide \$3.5

million in FY 21 grant funding for this program. This will ensure that homeowners have professional support, as they navigate the various programs and initiatives being implemented to prevent foreclosures and ensure that all areas of the state receive the assistance they need. It will also help protect homeowners from predators who seek to take advantage during the crisis and in its aftermath

- **Local, State and Federal officials must take emergency action to ensure the continued development and operation of high-quality affordable housing:** While all of us are focused on the immediate health and economic crisis, the long-standing affordable housing crisis continues. We need to make sure that we quickly resume and accelerate the construction and operation of high-quality affordable housing. We know this crisis could dramatically slow housing production, as happened during the 2008-2011 economic recession. It is vital that the Federal Government play a leadership role here by enacting reforms to the Low-Income Housing Tax Credit program (waiving certain deadlines among other things) and providing substantial financial support to tenants and homeowners. At the state level, we also must act.
 - State agencies and lenders should work with affordable housing owners to deal with reductions in rental revenue and increased operating costs stemming from the public health emergency.
 - Increase the DHCD bond cap, so it can provide additional financing to cover new financial gaps caused by construction and other COVID-19 related delays in the affordable housing pipeline;

Neighborhood Stabilization

As the economic crisis takes its toll on renters, homeowners and property owners, we anticipate that many neighborhoods will start to experience a decline in housing quality and an increase in blight and vacancy. This will be true especially in neighborhoods that were already struggling before the pandemic. Therefore, MACDC continues to advocate for [*An Act Relative to Neighborhood Stabilization and Economic Development \(S.1627\)*](#) which was filed long before the COVID-19 crisis, and will take on greater importance in the context of the economic crisis. Lower-income neighborhoods in Gateway Cities and rural towns already struggled with weak housing markets, and aging housing stock. This problem is being exacerbated by the current crisis. This bill will empower cities, towns, CDCs and other stakeholders to restore vacant properties to productive use, rehab occupied properties that need repairs, and stabilize neighborhoods for the long term.

Public Health and Health Equity

While our primary role during this crisis is to help ensure the economic sustainability of the communities in which we work, the current pandemic makes clear that economic challenges and health equity cannot and should not be divorced from one another. Therefore, we are playing a leadership role on the Massachusetts Public Health Association's (MPHA) Emergency Task Force on Coronavirus & Equity. Along with over 50 other organizations, we assert that

equity must be at the center of Massachusetts' Public Health response to the Coronavirus crisis. We join with the Task Force to support several policy proposals, including:

- **Emergency Paid Sick Time:** Legislation has just been filed to address gaps in benefits provided by current state and federal laws (including the CARES Act). We urge the legislature to move this policy quickly to support the many workers forced to stay home due to quarantine, infection, or the need to care for loved ones.
- **Ensure Immigrants Have Safe Access to Testing & Treatment:** Aggressively communicate that all residents will have access to testing and treatment regardless of immigration status and that medical and social service providers may not share patients' information with federal immigration enforcement authorities.
- **Safe Quarantine for People Experiencing Homelessness:** We appreciate that the Baker Administration has recently taken steps to provide safe quarantine for people experiencing homelessness, including the opening of several hotels around the state. There is still much work to do, including ensuring shelter residents can follow physical distancing recommendations.
- **Data Collection and Action Planning for Equity:** As emerging data from Massachusetts and across the nation confirm our fear that the outbreak is disproportionately hitting communities of color, we are pushing the state to improve data collection - and more importantly, to prioritize action to address these inequities.