



TO: MA Congressional Delegation
FROM: David Bryant, Director of Advocacy
DATE: May 7, 2020
RE: *Emerging Federal Policy Priorities* to Impact Community Economic Development (CDCs)

The Massachusetts Association of Community Development Corporations (MACDC) represents all 60 state-certified CDCs in Massachusetts as well as 25 other non-profit organizations that share our mission of expanding economic opportunity across the Commonwealth. With the makeup of our diverse statewide membership, we have focused on a few select relief/recovery proposals that concentrate on housing security, affordability and access, and support for small businesses and programs aimed at narrowing the equity gap that impacts low- and moderate-income families and communities of color across our Commonwealth.

We have reviewed and aligned with a series of federal policy priorities – some longstanding, and others exacerbated by the COVID-19 Public Health Emergency (PHE) – which have been outlined by several of our national intermediaries and partners (e.g., LISC, Enterprise, Neighbor Works, NACEDA, OFN, NLIHC, and NCRC) and highlight a few key programs of impact for your further consideration.

Massachusetts is one of a few states to have adopted a moratorium on eviction and foreclosure; however, we are concerned that tenants and homeowners who are unable to pay their rent or mortgage will face a huge rent backlog and explosion of debt when the moratorium ends. (In a separate letter, MACDC joined with more than 130 Massachusetts organizations urging Congress to adopt a nationwide moratorium, and to provide more funding for emergency rental assistance, and essential support and services for people experiencing homelessness.) We also need help for non-profit affordable housing owners, like our members, to deal with unpaid rents and rising operating costs and to help ensure the completion of construction projects that are delayed or have been stopped. Therefore, we believe housing must be part of the next COVID-19 relief/recovery legislation.

Gratefully, there are several proposals under consideration that we encourage you to support.

Housing

Support an increased request of \$48 billion to the HOME Program: HOME Investment Partnerships Program, a flexible formula grant program that supports new construction and rehabilitation of multifamily housing, homeowner rehabilitation, and tenant-based rental assistance.

Support an expanded Community Development Block Grant (CDBG) Program, which provides flexible funding to cities and states to supply emergency grants to small businesses and to address housing, infrastructure, food aid and public services in low-moderate-income neighborhoods.

Support reform of the Low-Income Housing Tax Credit (LIHTC, Housing Credit): MACDC joined The ACTION Campaign Coalition, which sent a letter to Congressional leadership signed by 2,354 organizations calling for critical Low-Income Housing Tax Credit (Housing Credit) asks in response to the Covid-19 pandemic. The letter requests immediate consideration of two key proposals: enacting a minimum 4 percent Housing Credit rate and lowering the “50 percent test” Bond financing threshold for 4 percent Housing Credit developments. It also recommends two added proposals for further recovery: increasing the annual Housing Credit allocation by 50 percent and supplying added basis boosts for vulnerable properties affected by Covid-19.

Small Business

While many small businesses and CDCs in Massachusetts have been able to secure funding through the Paycheck Protection Program (PPP) and its expansion, we still are concerned that the Program is not reaching many micro enterprises, independent contractors, businesses of color and businesses in low-income areas. We are also concerned that the rules are too restrictive and complicated so that many businesses are not applying or fearful of using the funds they do receive. A recent *New York Times* [article](#) highlights some lingering concerns and difficulty of implementing the program for businesses that have received PPP funding. We are also deeply concerned that the forgiveness rules will be difficult to follow, and small businesses will end up burdened with more debt. Among the program’s many failings is that it has not effectively used the ability of Community Development Financial Institutions (CDFIs) and nonprofit lenders to serve low-income, minority and underserved small businesses. We hope that you will consider these proposed revisions:

1. Extend June 30, 2020 deadline to Dec 31, 2020 and allow owner to pick the 8-week period used to determine forgiveness (requires legislation);
2. Reduce or drop the requirement to spend 75% of the funds on payroll and allow forgiveness for all legitimate business expenses, including expenses associated with reopening (could be done through regulation or legislation);
3. Simplify the forgiveness requirements and consider automatic forgiveness for loans below a certain threshold; and
4. Establish a mechanism to refinance the unforgiven portion of a PPP loan into the EIDL terms (3.75% over 30 years) at the end of the interest free period (requires legislation).

As Congress considers more ways to support small businesses, we support the request of the CDFI Coalition and the bipartisan efforts of Senators Reed, Collins, Menendez, and Tester to include \$1 billion for the Community Development Financial Institutions Fund as part of the next COVID-19 relief/recovery legislation.

Lastly, MACDC urges your support for the request by the United States Conference of Mayors (USCM) for emergency aid to states and cities of all sizes, as they work to coordinate local pandemic responses and meet the growing fiscal challenges of the COVID-19 pandemic.