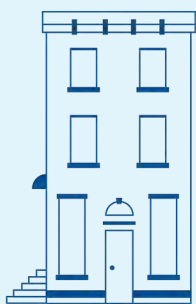


RESPONDING TO COVID-19

**A POLICY AGENDA TO PROTECT
PHILADELPHIA'S RENTERS, HOME
OWNERS, SMALL BUSINESSES,
AND THE NON-PROFITS THAT
SERVE THEM**



PACDC
PHILADELPHIA ASSOCIATION
OF COMMUNITY DEVELOPMENT CORPORATIONS

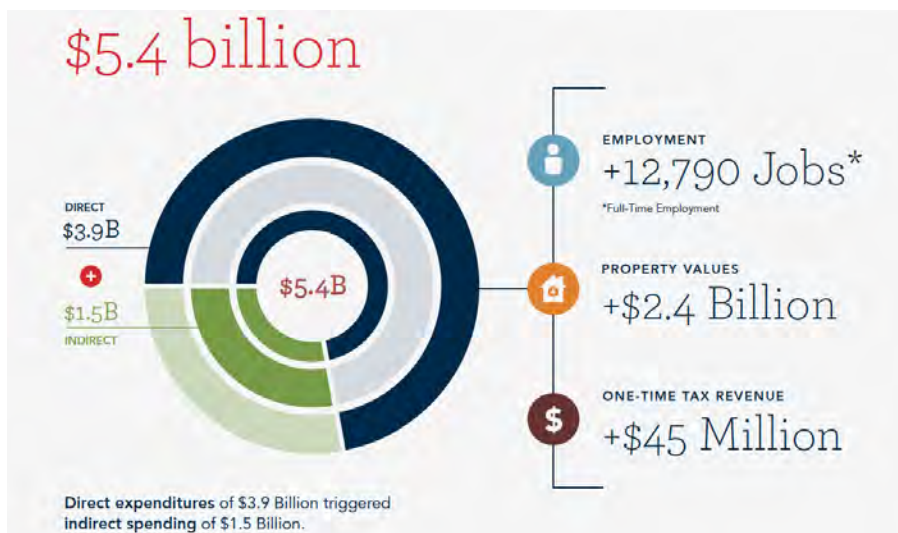
MAY 2020

INTRODUCTION

The emergence of the coronavirus/COVID-19 and necessary closure of non-essential services and employers has devastated Philadelphia, and is likely to deepen poverty and inequality, create more housing instability, and lead to even less economic opportunity for Philadelphians for years to come. Data already shows that communities of color are disproportionately harmed by the illness, the risks associated with being essential workers, and the negative effects of economic shut-downs.

Before the crisis, the Kenney Administration and City Council were on a deliberative path to address those inequities and challenges, and had committed to significant new policies and investments in affordable homes, and to support small businesses on our neighborhood commercial corridors. Doubling down on that work is more important than ever to weather the current crisis, be in a position to recover once the virus is contained, and prevent deepening of the inequality and poverty that could take generations from which to recover.

The recommendations in this agenda are strategies to get through the next few months of the crisis by stabilizing housing, small businesses, and the non-profits they rely on to deliver critical services and connect to resources. Making a full commitment to the investments we recommend here could cost hundreds of millions of dollars in the short term. The City of Philadelphia can't do it alone and significant funds are required from the state and federal government, as well as philanthropy. Hundreds of millions more, and additional programs and policies, will be needed to achieve recovery once the virus has been contained and Philadelphia can begin creating a new normal.



The financial investments recommended here pay dividends, and are vital to any survival and recovery strategy in Philadelphia. Over the last twenty-eight years, community development corporations in Philadelphia have directly invested more than \$3.9 billion in Philadelphia's communities which realized an additional \$1.5 billion in local economic activity. This work has created over 12,000 full-time equivalent jobs locally, and generated \$45 million in tax revenue. In fact, it was during some of the most challenging economic times such as

through the Great Recession that a great deal of this work happened. CDCs and related non-profits continue serving our communities when others are unable, and no matter how tough times get.

This agenda was developed by the members of the Philadelphia Association of Community Development Corporations (PACDC) including our Commercial Corridor Working Group, our Housing Committee, our Board of Directors, and other allied non-profit organizations. We look forward to partnering with the Kenney Administration, City Council, and our representatives in Harrisburg and Washington to fight for the resources we need to implement this agenda and safeguard the health, safety, and well-being of Philadelphians.

HELP PHILADELPHIANS STAY AT HOME AND FIND A HOME

The most important message from public health and government officials during this crisis has been to stay at home. But far too many Philadelphians don't have a home, the wave of evictions and foreclosures that are coming will be crushing, and conditions in some homes are unhealthy and unsafe. This could send an overwhelming number of people to already crowded shelters, to the streets, or doubling up with friends and family, all of which could lead to another spike in COVID-19 transmission. Philadelphia needs significant new resources from the state and federal government to immediately help people find a home and stay at home.

Provide rental assistance to affordable housing providers, landlords in the private market, and vouchers to tenants

PACDC advocates for a three pronged approach to providing rental assistance to keep residents housed: 1) assistance directly to affordable housing providers to offset losses in rents, as default on these properties could result in devastating losses of units in the affordable housing inventory; 2) landlords in the private market that offer affordable rents, and rely on rental income for their own economic survival; 3) vouchers for tenants directly so they can catch up on back rent and avoid eviction once the courts re-open. Supporting landlords and non-profit distribution of assistance can help individual tenants that are ineligible to receive federal dollars directly due to their immigration status. The Philadelphia Housing Development Corporation (PHDC) already has the systems in place to reach affordable housing providers and eligible landlords through its early stages shallow rent subsidy program. Our housing counseling network can distribute rental vouchers directly to tenants that would otherwise not be served through their landlord.



Increase gap financing for affordable housing developments in the pipeline

We need more affordable homes to get individuals and families out of group shelters where the risk of disease spreading is greater; to stabilize lower income households that are doubled up with family and/or overcrowding; and to provide safe, affordable places to live for those whose income has been reduced or eliminated. Affordable housing developments that were already in the pipeline for 2019 and 2020 and have significant federal dollars will likely need additional gap financing to off-set uncertainty within debt/equity markets, as well expanded costs for new cleaning procedures, rising insurance costs, etc. Gap financing should support both 4% and 9% Low Income Housing Tax Credit (LIHTC) projects, and PHFA should lift the \$250,000 basis cap (which limits funds available because of Philadelphia's high cost of construction) for 4% LIHTC projects.



Expand quarantine housing and emergency alternative housing for vulnerable populations in group living

Residents of shelters and other group living environments—particularly very vulnerable individuals that have underlying health conditions—need to be isolated to avoid contracting and spreading the coronavirus, but there are few facilities or rooms currently available. The City should dramatically boost the number of single unit rooms for homeless individuals or those in group living now, and provide meals and adequate staffing to ensure their health, safety, and access to services. The City should also consider acquisition of single unit facilities to house these individuals longer term. Where group living is provided, beds should be adequately spaced to reduce density, which may require moving temporarily to facilities such as the Convention Center or similarly large square foot properties.

Partner with health care providers/insurers to create and fund respite housing for medically fragile Philadelphians experiencing homelessness

Before the COVID-19 crisis, some Philadelphians facing homelessness that experienced a hospitalization were released and transported to group shelters still in medically fragile conditions. Shelter providers and several local hospitals were in discussion about creating a respite housing system where these individuals could be released to recover. This respite housing is more important than ever to help prevent the spread of the virus, and will continue to be necessary after the virus has been managed. Health care providers, insurers, shelter providers, the City of Philadelphia and others should work to set up and fund this respite housing system immediately.

Boost housing counseling, and expand contracts to allow counselors to serve both renters and home owners

Philadelphia's network of housing counselors were vital in limiting the devastation of the foreclosure crisis during the Great Recession, and are the lynchpins in helping Philadelphians buy their first home through the very successful Philly First Home program. Housing counselors will be even more critical in helping homeowners save their homes due to the COVID-19 crisis, and will need added funding and staff capacity to handle the expected onslaught of mortgage and tax foreclosures in the coming months. Not all housing counselors have served renters due to the lack of resources available for them to distribute, but they will be needed to help renters

facing eviction and to distribute rental assistance as it becomes available. Additional staffing, and training on tenants' rights, are needed to ensure housing counselors can help prevent eviction and homelessness.

Ramp up foreclosure diversion system through outreach, housing counseling, legal services

Philadelphia's groundbreaking foreclosure diversion system launched in 2008 focused on mortgage foreclosure, then later expanded to tax foreclosure, and has helped more than 13,000 homeowners stay in their homes. The system will need to be dramatically ramped up again, including outreach through Neighborhood Advisory Committees (NACs) to encourage homeowners to participate, housing counseling to help them understand their options and prepare the documents they need, legal services to provide quality representation in proceedings, and a court system to handle mortgages, and Revenue Department staff to address tax foreclosures.

Fund the Homeowner Emergency Mortgage Assistance Program (HEMAP)

HEMAP is a state-run program administered by the Pennsylvania Housing Finance Agency (PHFA) and with the involvement of housing counselors that provides loans to homeowners that are 60-days or more delinquent on their mortgages through no fault of their own (such as a layoff). The program has not received funding allocations from the Commonwealth budget since the Great Recession, so it needs an infusion of dollars to be available to homeowners left jobless or with decreased earnings due to COVID-19. Some rules of the program also need to change, such as the requirement of a face-to-face meeting with a housing counselor to instead allow the use of technology to avoid transmission of the virus.



Boost funds for utility arrearages and assistance programs

Once utility shut-offs are permitted again, there is a risk of a significant number of Philadelphians losing life-sustaining utilities like water, gas, and electric. Philadelphia currently spends about \$1 million per year assisting low income residents with their utility arrearages, and during the height of the Great Recession boosted that to about \$1.5 million per year. Given the larger scale of the COVID-19 unemployment impacts, the City should significantly increase funding in 2020. Non-profits that distribute the dollars often leverage City provided funds with additional funds from the utilities.

Scale up the Philadelphia Eviction Prevention Project

Prior to the COVID-19 crisis, legal services and tenant advocacy organizations were already forging ahead with plans to add significant capacity to help tenants avoid eviction through a combination of outreach and education, legal representation by local legal services non-profits, and mediation with landlords to work out payment agreements. Those programs are more important than ever, since

eviction notices are still being filed during the crises even though the Courts are not yet open to process them. The wave of evictions coming has the potential to overwhelm the court system and our homeless services networks. Boosting capacity and funding to this system will help more tenants stay safely, stably housed.

Restart emergency repairs

The Basic Systems Repair Program (BSRP), which delivers emergency repairs for homeowners, has been shut down since mid-March leading to a back log of work to repair serious health and safety problems. Emergency home repairs have been permitted under Governor Wolf's essential businesses order, so re-starting those programs, along with proper training on protocols to protect workers and homeowners, should begin as soon as possible.

Preserve existing affordable homes

Preservation of existing affordable housing units whose affordability compliance period is expiring and/or need critical repairs should continue to prevent losing affordable units at a time when they are desperately needed. An emergency acquisition fund is needed to support buyers who want to purchase affordable properties for the purpose of preserving them and to protect against predatory buyers that would seek to take advantage of the uncertain times to eliminate affordable units.



SAVE SMALL BUSINESSES

The micro-enterprises on our commercial corridors are the heart of our neighborhoods, but even a small loss in revenue, or a relocation due to eviction or foreclosure, can mean the end of their businesses. Philadelphia was making great progress in filling vacant storefronts, making them clean, safe and attractive, and bringing out shoppers and diners to support corridor businesses. But this crisis could set us back decades to when vacant storefronts deterred investment, property conditions deteriorated and graffiti abounded, and shoppers felt unsafe. Saving as many businesses as possible, keeping the corridors clean, and supporting the network of organizations dedicated to advancing business growth and development must be a part of Philadelphia's strategy to get through this crisis.

Expand foreclosure diversion and eviction prevention programs to commercial properties for corridor-based small businesses

Philadelphia is facing a devastating surge in business closures, and thus vacant commercial properties, which has a spillover effect on corridors that rely on the right retail mix and density for the neighborhood. Philadelphia's success with programs to help residential renters and homeowners stay in their properties should serve as a model to help small businesses. Since there is limited legal services capacity for commercial clients, the program may instead need to rely on a network of attorneys in private practice, including those that can serve non-English speaking businesses. Corridor managers are already on the ground in many of these communities to play a role in outreach and recruitment.

Provide rental assistance for small businesses

Many of our smallest businesses don't qualify or won't receive help from the federal government through programs like the Paycheck Protection Program, or through Pennsylvania's Economic Disaster Loan Program. They also often lack access to other forms of capital such as loans for operating expenses, and were already operating on extremely slim margins as they serve low- and moderate-income communities. A rental assistance program for corridor-based microenterprises that lack access to other forms of capital could help those struggling to hold on, and which are vital to the corridor's retail mix and the provision of affordable goods and services to neighborhood residents.



Refill the Philadelphia COVID-19 Small Business Relief Fund

The Philadelphia Commerce Department and PIDC acted quickly to get small grants into the hands of micro-enterprises and small businesses, as well as loans to mid-sized businesses hurt by the crisis. The number of applications was more than six times that could be funded, so many desperate businesses will be turned down. While there has been attention to issues of equity in selecting which businesses to fund, contacting and getting applications in from the businesses most in need has been an enormous challenge when their stores were closed and they could not be reached. Re-filling that fund, and engaging in targeted outreach that includes advertisements or public service announcements

in non-English language media, will help reach more of the most disadvantaged businesses.

Boost capital for small entrepreneurs or others that lack access to traditional lenders through Community Development Financial Institutions (CDFIs)

Only a few CDFIs in Philadelphia were able to take applications for the Payroll Protection Program even after Congress set aside funds for small banks and CDFIs. Still, CDFIs provide a vital source of capital access for disadvantaged entrepreneurs, and offer technical assistance that a traditional bank may not. Some are able to serve non-English speaking clients, and nearly all have a social mission of providing capital to entrepreneurs that banks see as a high risk. Directing more resources to CDFIs so they can offer zero- or low-interest loans to get businesses back on their feet is another way to support our neighborhood corridor-based businesses.



Launch Philadelphia Taking Care of Business (PHL-TCB) as planned

The PHL-TCB program will expand commercial corridor cleaning across the city, and was scheduled to launch July 1st. Keeping our corridors clean and free of blighting influences is vital to bringing back business owners and shoppers, and generating the kind of economic activity to bring in wage, sales, and BIRT taxes. PHL-TCB is also a workforce development program, aimed to get individuals who have struggled to gain employment access to a \$15/hour job and other supports to put them on a path to greater self-sufficiency. Cleaning crews also provide eyes on the street that can help keep the community safer. These are the kinds of programs the city should be doubling down on during this crisis, with adequate protective gear and practices to keep cleaning crews safe.

Modify the Storefront Improvement Program, Business Security Grant program, and InStore to be more flexible in meeting small business needs

The Storefront Improvement Program (SIP), the Business Security Grant program, and the InStore Program have been very successful in transforming the facades of businesses on our corridors, helping them make internal improvements to expand their capacity, and enhancing safety. Those programs will be important to a recovery strategy. But at this extraordinary moment when even thriving, successful businesses are at risk of permanent closure, those funds could be temporarily repurposed to make more critical repairs that are necessary for survival, and may have emerged during extended closures. This could include addressing property damage, graffiti, broken windows, the need to repair or replace refrigeration or other critical appliances, or even purchasing protective equipment like masks, gloves, and hand sanitizer for employees and shoppers.

Support business technical assistance that is place-based and corridor-focused

The City already supports a number of organizations through the Business Technical Assistance Program (BTAP) to help small businesses with planning, accessing and managing finances, marketing,



and other needs. But most of the organizations support entrepreneurs in all parts of the city, and don't have a particular focus to a specific neighborhood or corridor-based businesses. Their work is still needed and important to serve other businesses, but a special focus is needed at the neighborhood level. A few additional BTAP providers should be added to targeted geographic areas, ideally based in those communities and with adequate language access, to bring special attention to the unique needs of our neighborhoods.

Set up a functioning, city-wide data collection and analysis system for small businesses

We have very little information available publicly to understand what businesses exist in Philadelphia, what services or products they provide, where they are located, what programs and services they are accessing, their revenues, growth or contraction over any period of time, or how to contact them. This makes it very difficult to operate in a disaster such as the COVID-19 crisis, recover from it, and prepare for the next pandemic or emergency. While some data may be proprietary and unable to be publicly shared, various City agencies including Revenue, L+I, Commerce, and others should work with non-profit partners in the neighborhoods as well as merchant's associations to develop a comprehensive

strategy to understand our small business community, share data, and use that information to better communicate with businesses, and analyze the effectiveness of programs.

STABILIZE AND STRENGTHEN NON-PROFITS AND HELP THEM SERVE THE CONSTITUENTS THAT ARE OFTEN EXCLUDED

Any efforts to deliver relief to keep people housed, help businesses survive, provide food access and other critical services require a strong network of non-profits that work city-wide and at the neighborhood level. These organizations are closest to our communities so understand the challenges people are facing. They are trusted partners that can deliver services to residents that would be reluctant to engage with government. And they serve people that federal policy has erected barriers to serving such as undocumented immigrants, entrepreneurs that are seen as too risky for many lenders, and individuals with significant physical or mental health needs, returning citizens, and others that are often the most disadvantaged. Philadelphia must keep our network of non-profits strong, and boost their capacity so they can rise to the challenge of increasing services.

Be as flexible as possible with federal dollars, and use other flexible funds to serve people and places left out

Federal rules create serious inequities by limiting who can receive direct assistance, and in which geographic areas funds can be spent. For example, large areas of Philadelphia including the northwest, northeast, Chinatown, Old City and others have not been eligible for Community Development Block Grant (CDBG) funding but are also significantly hurt in this crisis. Mixed citizenship status households have been ineligible for federal stimulus payments, and undocumented residents are ineligible for unemployment insurance compensation. The City should be as flexible as the law provides to serve those communities, should advocate for HUD to accept waiver requests to allow spending in any community affected by COVID-19, and should be strategic in using other sources of more flexible local funding to serve those left out by inequitable federal policy.

Give non-profits flexibility under existing City contracts to serve their clients and constituents

The City contracts with many non-profits to run programs such as Neighborhood Advisory Committees (NACs), housing counseling, energy centers, financial counseling and other programs. Some non-profits run all of those programs under one roof. While most of these programs are funded with federal dollars that come with specific requirements, the City should investigate ways to give providers more flexibility in serving clients. This could include allowing reimbursement for activities not originally planned when contracts were executed but have become critical to COVID-19 response, ensuring that remote working can be used to meet deliverables even after public health emergencies are lifted to keep clients and staff safe, or allowing them to spend more time with clients that have complicated needs—such as during housing counseling—rather than only reimbursing based on the number of clients that are seen which disin-





Yesterday at 12:02 PM · 🌐

Over the last month, ACHIEVEability staff has been working hard to educate residents about the #2020Census. Staff texted over 700 individuals and called over 1,300 people to check in to see if they had completed the 2020 Census to ensure that our community is fully represented and receive as much federal funding as possible.

We also worked with individuals to connect them to additional resources during COVID-19. It was a great way to connect with our community during this difficult time while ensuring we get an accurate count.

#KeystoneCounts.



centivizes working with residents that need extra help. Simplifying the RFP and contracting process could also help non-profits and the City focus more time on residents' needs.

Bridge the digital divide and prepare for a future of remote business and service delivery

The COVID-19 crisis shined a spotlight on how the digital divide and inadequate technology access and literacy deepens inequalities. Non-profit staff don't all have laptops or home Internet connections; residents who also lack access cannot apply for services and benefits; small businesses can't be contacted to encourage them to apply for grants or other help. This makes it more likely that those with access and digital skills—who tend to be whiter, wealthier, and have other means of survival—get access to resources first. Philadelphia needs more technical assistance, devices, low-cost Internet access, and training to get the most at-risk residents and businesses connected, as well as the non-profits that serve them. This will also require help setting up secure systems for electronic document

signing and sensitive data transmission, as well as helping small businesses get their products and services on-line so they can operate with limited face-to-face customer contact.

Strengthen language access

Years of advocacy around language access has yielded progress, but much more needs to be done. While the City has been frequently translating press releases during the COVID-19 crisis, most applications for programs and support from the City, Commonwealth of PA, federal government, and private philanthropists are typically only available in English. The capacity of non-profits that provide real-time or document translation has been strained. Non-profit staff that serve communities where multiple languages are spoken formerly relied on face-to-face communication, and do not have adequate real-time on-call translation services necessary for phone calls, e-mails, or texts. Government, non-profits, the private sector, and philanthropists need to work together to develop more comprehensive approaches to language access, including attention to languages spoken by Philadelphians but rarely included in translated materials like Korean, Khmer, Indonesian, Arabic, and others.

Provide operating support to non-profits

Non-profits are critical to reach residents and businesses during the crisis and to recover, but fundraising has been disrupted, local funding from the Mayor's revised FY2021 budget contains cuts to non-profits, and revenue for some program delivery services have been halted. Non-profits that deliver programs and services that are absolutely vital for at-risk individuals, families, and small businesses need continuity so they can serve the community even in the toughest of times. State, federal, and philanthropic funders should boost operating support to non-profits to keep them afloat over the next year, and expand capacity to provide social service delivery to individuals, families, small

businesses. The recently launched PHL COVID-19 Fund by the City of Philadelphia, Philadelphia Foundation and the United Way of Greater Philadelphia and Southern New Jersey provides a good model, but funding needs to be expanded to provide larger grants for core operating expenses, and to more organizations.

Expedite contracts and payments for non-profit invoices

Some City agencies can take many months to conform contracts with non-profits, which delays reimbursement for work already performed. This causes cash flow issues that may require accessing lines of credit from lenders or delaying payment of critical expenses. The COVID-19 crisis could further strain those systems due to loss of staff from budget cuts and work slow-downs while staff cannot be in their offices. The City should develop the systems and staffing needed to be in place to pay non-profits quickly, and should consider moving some contracts or portions of them to be paid upfront.

Protect and preserve the Philadelphia CDC Tax Credit program and economic development activity

Neighborhood-based economic development must be maintained in order to get businesses re-opened and employees back to work. The Philadelphia CDC Tax Credit program provides vital flexible support for economic development activities to 40 CDCs and intermediaries. Corporate partners contribute \$85,000 to \$100,000 per year to the non-profit, which becomes a 100% credit against their city Business Income and Receipts Tax (BIRT). Some CDCs would cut staff or close their doors if their tax credit partner could not make planned payments due to a loss of revenue and decreased tax liability. Under regulations adopted by the Department of Revenue, if a corporate partner does not make their full payment, they can be removed from the program and barred from re-entering. Corporate partners that cannot meet their full payment obligations to CDCs due to the COVID-19 crisis should be given at least a one year grace period to make partial payments, and grants should be provided to the non-profit partners to make up for any lost corporate payments so they can stay alive to serve local economic development needs.



Facilitate access to masks, gloves, hand sanitizer

Small businesses, non-profits, and affordable housing providers also lack access to personal protective equipment like masks, gloves, and hand sanitizer. When those products can be found for purchase, the skyrocketing prices have placed them out of reach. Government should consider the critical need of access to these items at a reasonable price for the public and service providers during the crisis, as well as in any re-opening plans, and facilitate a process of affordable access across the community.

CLOSING

PACDC members represent the best Philadelphia has to offer in times of crisis.

They leaped to the challenge to provide meals to people struggling to afford food, and deliver groceries to individuals who can't leave their homes. They delivered tablets to children so learning could continue while schools were closed, and art supplies to keep kids creatively engaged.

They helped our neighbors navigate complicated systems to apply for unemployment, food assistance, help with housing, energy assistance, and other benefits. They called, emailed, texted, and flyered as many small businesses on their corridors they could, and helped them fill out applications for assistance programs.

PACDC members engaged neighborhood residents and leaders to find out what's happening in their lives during this time of crisis and stress, and help them stay connected to the community that provides comfort and a sense of home. They kept them safely and stably housed, and moved people in crisis on the streets into shelter, transitional housing, and permanent homes. They offered mental and physical health programs over the Internet to help vulnerable residents cope.

Philadelphia will get through this because PACDC members and other non-profits are doing this work every day, in good times and during catastrophes. And PACDC will work with them to use this moment to push even harder for the changes needed to create a more equitable Philadelphia.





PACDC

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