Bloomberg Associates

Tactical Guide: Equitable Economic Recovery

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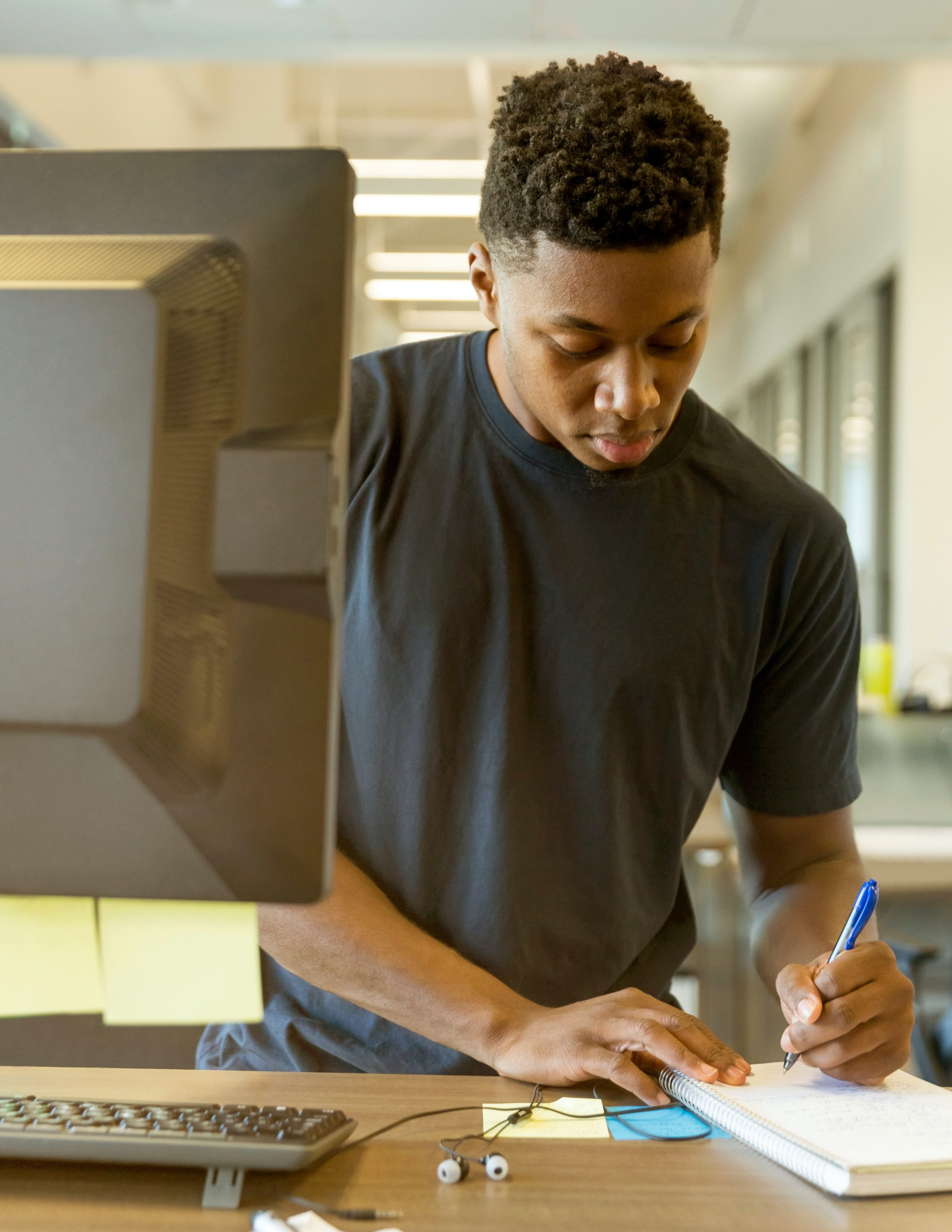
Bloomberg Philanthropies
COVID-19 LOCAL RESPONSE INITIATIVE

Bloomberg Associates



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Introduction

This tactical guide is designed to help local economic development leaders create effective and equitable recovery plans, using case-tested programs and strategies that city officials can deploy right away.

Our tactical guide identifies the major economic challenges that many cities will face in the months ahead; describes the scale and scope of these challenges; and presents evidence-based strategies for designing and implementing effective recovery plans. We supplement our suggestions with practical case studies, step-by-step guides, and plug-and-play tools to accelerate implementation.

Countering the uncertainty that surrounds state and federal responses, our tactical guide emphasizes interventions that cities can implement on their own. Of course, the interventions outlined here will not perfectly suit each city, and economic development leaders should tailor their approaches to fit local conditions. Nonetheless, we believe that these recommendations can have a tremendous impact. While long-term planning is difficult in the face of an urgent crisis, the actions we outline in this tactical guide will help cities stabilize faster, rebuild smarter, and ultimately grow stronger.

The Challenge

This recession is forecast to be deeper and longer-lasting than past economic downturns. Employment numbers will likely rebound at a slow pace, and consumer confidence will remain low for some time. Industries that thrived before the pandemic -- like hospitality and transportation -- will continue to face challenges as long as the threat of a virus remains.

Meanwhile, vulnerable communities have been disproportionately impacted by COVID-19. Unemployment is highest in communities of color, and businesses owned by people of color have been slowest to reopen. At the same time, small businesses are feeling the brunt of the economic slowdown, with over thirty million jobs at-risk.

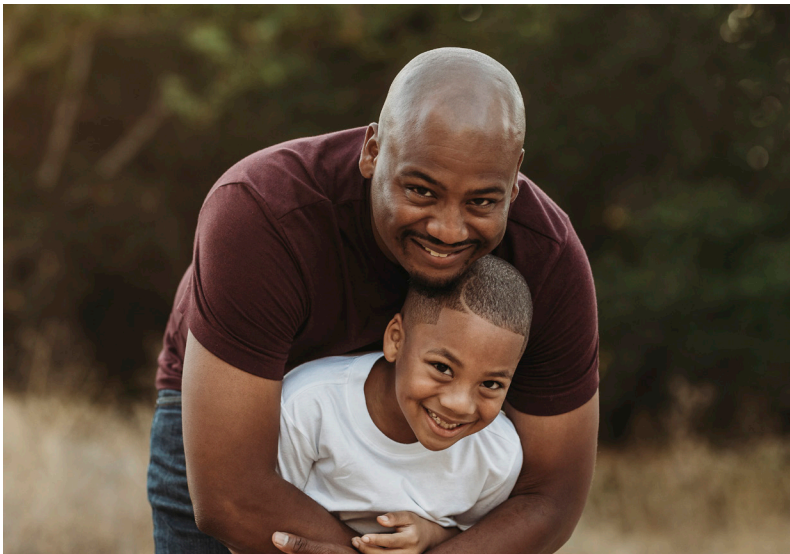
Cities will face four interconnected challenges:

1. High unemployment, particularly amongst low-skilled, low-wage workers
2. High levels of small business decline and failure, coupled with low levels of new business starts
3. Low growth from driving sectors
4. Declining city budgets and increased staff layoffs

Addressing inequality and ensuring an equitable recovery for communities of color, particularly Black Americans, and low-income residents

Importantly, many of the actions in this tactical guide focus on equitable growth. The United States was already facing unprecedented economic inequality pre-COVID. The average net worth of a white family ($171,000) is nearly 10x that of a Black family ($17,150). COVID-19 is furthering inequality, with communities of color and low-income families disproportionately impacted by the virus. As the United States begins its recovery, it will need to ensure that communities of color and low-income Americans are supported.

Besides the intrinsic value of supporting the most vulnerable, a more equitable society would benefit everyone. Studies have estimated that the US would gain $2.1T every year in GDP by closing the inequality gap. Left unaddressed, inequality dampens overall growth and generates a wide range of adverse social consequences. Ensuring an equitable recovery isn't just the right thing to do; it's the smart thing to do.



Actions

To address these challenges economic development leaders will need to support out-of-work and low-wage residents and at-risk businesses in the near term while investing in their city's core fundamentals to drive longer-term recovery and growth. All of our actions focus on helping vulnerable communities -- particularly people of color -- which are being disproportionately impacted by COVID-19. This tactical guide highlights 11 key city actions that will enable a more equitable recovery.[1]

Challenge	Context	Actions	Case Studies
Growth	The post-COVID business landscape will look different than beforehand. The continued decline of in-person retail will be accelerated and restaurants will likely struggle to recover. At the same time, employers will provide more flexibility to work remotely, enabling Americans to work in jobs from any city. Despite the many challenges, there are also opportunities arising from this moment. Cities must invest in fundamentals to create a more competitive environment for new business startups and scaleups. This includes making it possible for people to work remotely and for businesses to grow and compete on a larger scale.	Increase broadband connectivity to enable more people to work remotely and support business growth	• Wilson, NC: Greenlight Community Broadband
		Build a more entrepreneurial ecosystem	• Independence, OR: IndyCommons
		Use city land-use powers to support more equitable growth	• Houston, TX: Land Bank
		Implement incentives in a way that facilitates investments and helps the entire city, and particularly low-income and minority communities	• Birmingham, AL: TIP, TAP, TOP

[1] Note: These actions should be considered within the context of local needs and circumstance. Relevant knowledge and judgement should be exercised to determine if these actions are right for any community. Further customization will likely be necessary.

	Small businesses are feeling the brunt of the COVID economic slowdown, jeopardizing over thirty million jobs in the United States. COVID has disproportionately impacted minority-owned businesses, with a 41% drop in the number of Black-owned business owners.	Give preference to local businesses for city contracts.	• San Francisco, CA: Local Business Enterprise • Chicago, IL: Mid-sized Business Initiative (MBI)
Small Business	Cities will need to help local, small businesses survive in the short-term and, after COVID, help them pivot, invest, and grow. Cities should drive demand to these businesses by investing in their local economy through both capital (e.g., technology, property) and operating expenditures (e.g., payroll, marketing). These investments will stabilize operations and enable businesses to grow, allowing them to hire employees and compete for contracts.	Launch a microloan/microgrant program (e.g., ~$10k)	• Minneapolis, MN: Microgrants
		Establish a midsize business support program (e.g., up to $250k loan)	• San Francisco, CA: Surety Bonds
		Rebuild mainstreet/downtown businesses and increase local tourism	• New York, NY: NYC & Company "All in NYC"
		Issue municipal bonds to offer community loans	
Unemploy-ment	Unemployment is at historic highs and projected to rise further, particularly in communities of color. Many jobs will not return after reopening, and post-COVID jobs may look different. But even as demand returns, jobs will often not match existing employee skills.	Create a skills adjacency program to enable people to be trained for jobs that will exist post-COVID	• California: Labor Board High-Road Training Partnerships
	Cities should take deliberate actions to support low skill, low-income workers. For those facing barriers to employment, cities can implement initiatives to facilitate access to promising and good jobs and remove entry barriers.	Implement a financial counseling and work assistance program	• Nashville, TN: Financial Empowerment Center

Summary list of actions

Drive equitable growth:

1. Increase broadband connectivity
2. Build a more entrepreneurial ecosystem
3. Use city land-use powers to support more equitable growth
4. Implement incentives in ways that facilitate investments and help the entire city, particularly low-income and minority communities

Support small businesses:

5. Give preference to local businesses for city contracts
6. Launch a microgrant program (e.g., ~$1k)
7. Establish a midsize business support program (e.g., up to $250k)
8. Rebuild mainstreet/downtown businesses and increase local tourism
9. Issue municipal bonds to offer community loans

Tackle unemployment:

10. Create a skills adjacency program
11. Implement a financial counseling and work assistance program

Action Prioritization

This tactical guide contains details on 11 actions to help your city recover from the post-COVID recession. To better navigate this tactical guide, and understand which initiatives should be prioritized for your city, we recommend taking the following approach:

1. Identify the most urgent issues affecting your residents and businesses (e.g., unemployment in certain industries), with a focus on the impact on low-income communities and people of color.
2. Align actions with your mayor's and city council's vision and priorities for the city in the coming year.
3. Identify the assets and resources available to your community, and which can be committed to these efforts.
4. Determine which partners can help you launch and support these actions. Identify non-profits, education institutions, employers, and other potential partners that align with your priorities.
5. Research if there are programs being considered by other stakeholders (eg., federal/state governments, non-profits, companies, etc.) which address these areas and complement the actions in this tactical guide.

We also encourage you to leverage Bloomberg Associates' consultants, peer cities, and local partners to determine what makes sense for your city.

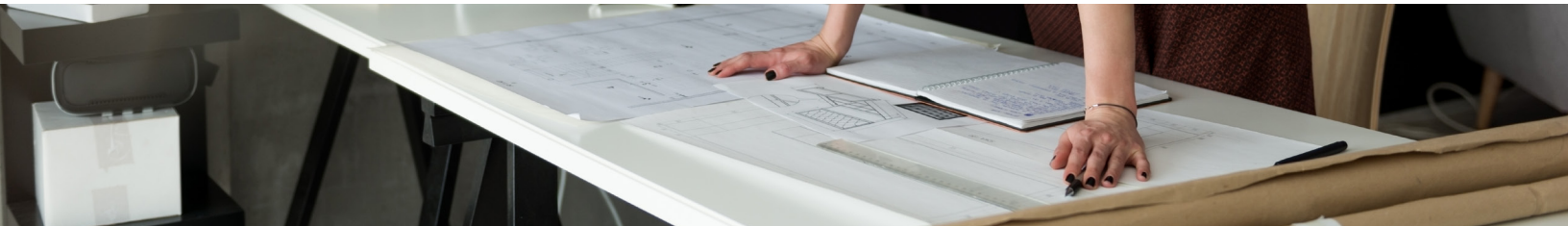
Methodology

Our team conducted over 85 interviews with city officials, experts, nonprofit and philanthropic partners, academics, and other key stakeholders to learn about best practices and collect feedback. We also researched interventions from previous periods of economic distress - such as the 2008 financial crisis - to better understand what actions worked in practice. In addition, we analyzed economic forecasts to determine which industries and occupations would be most impacted during this recession.

Action Scoring

To help you evaluate each action, we have scored them in three categories: Impact, Implementation Time, and Cost. Below are the impact scales:

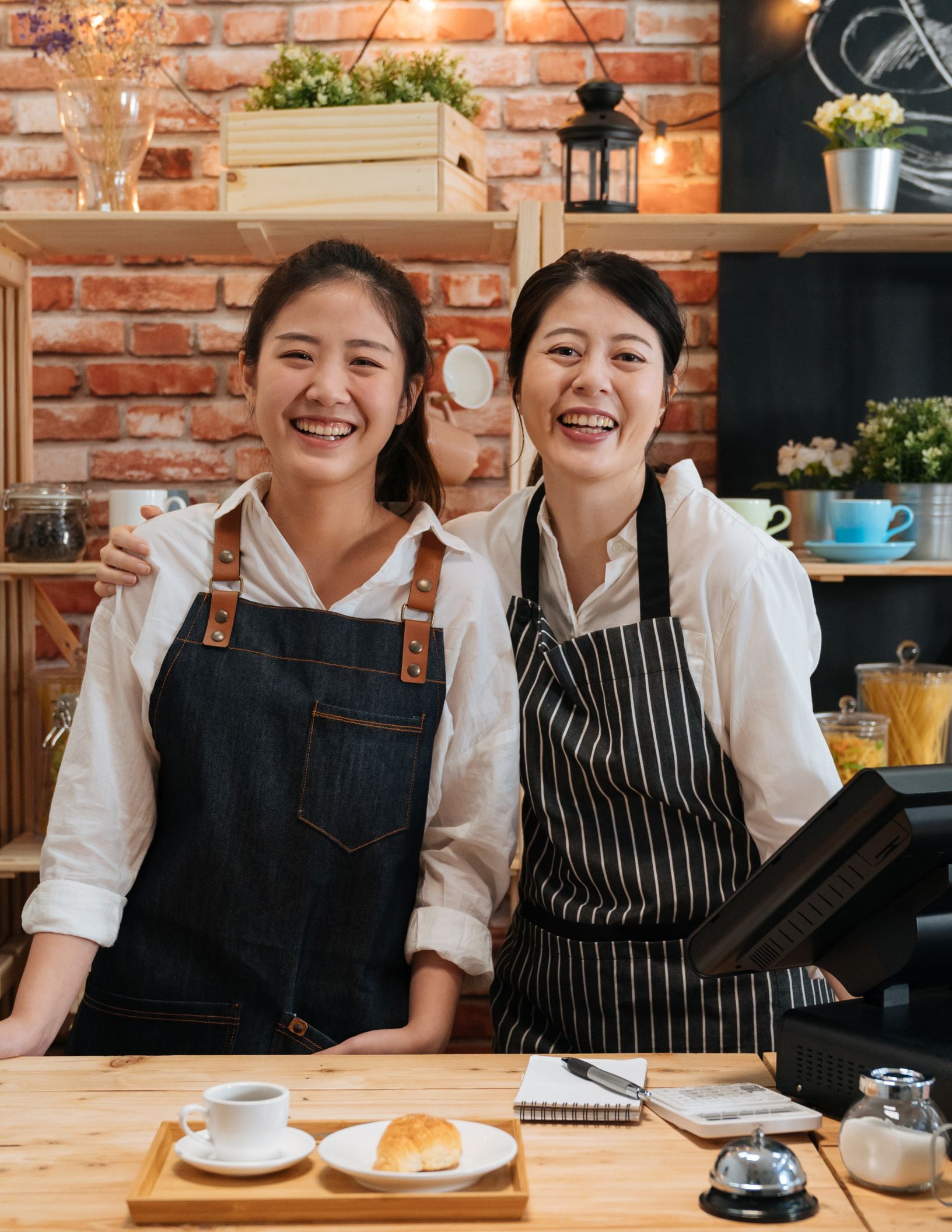
- Impact: High, Medium, Low
- Implementation Time: Long (6 months+), Medium (3-6 months), Short (under 3 months),
- Cost: High, Medium, Low *(Note: more context on cost is provided in each action)*



Summary of Action Scores

Action	Impact (H, M, L)	Implementation time (L, M, S)	Cost (H, M, L)
Drive equitable growth			
1. Increase broadband connectivity to enable people to work remotely and support business growth	H	**S** (subsidies), **L** (infrastructure)	H
2. Build an entrepreneurial ecosystem	**M** (low in isolation but enables other actions)	S	L
3. Use city land-use powers to achieve equitable growth	M	**S** (if city council approval not required), **M** (if required)	L
4. Implement incentives in a way that facilitates investments and helps the entire city, particularly low-income and minority communities	M	S	L
Support small businesses			
5. Give preference to local businesses for city contracts	M	M	L
6. Launch a microloan/microgrant program (e.g., ~$10k)	M	S	L
7. Establish a midsize business support program	H	**M** (pilot), **L** (full program)	M
8. Rebuild mainstreet/downtown businesses and increase local tourism	M	S	L
9. Issue municipal bonds to offer community loans	H	**M** (pilot), **L** (full program)	H
Tackle unemployment			
10. Create a skills adjacency program to enable people to be trained for different jobs that will exist post-COVID	H	M	L
11. Implement a financial counseling and work assistance program	L	S	L

These estimates are approximate and communities will encounter significantly different situations based on local circumstances. Therefore, the scoring should be used as a guide to understand the complexity and potential impact rather than a steadfast indication.



SECTION 1: DRIVE EQUITABLE GROWTH

Action 1: Increase broadband connectivity

Problem:

The COVID-19 pandemic has underscored the importance of broadband access for employment, education, and overall quality of life. And yet, millions of Americans don't have access to quality broadband (defined by the FCC as 25 mbps download and 3 mbps upload speeds).

- At least 21 million Americans (and perhaps as many as 40 million, according to some estimates) currently lack access to broadband; and, even among those Americans with access, approximately 100 million do not subscribe to the service. Improving access not only enables remote work but can increase property values.
- While many jobs will return as "in-person", an increasing number of companies have said they will focus on remote employment. COVID-19 forced millions of Americans to work from home and attend remote classes.
- Some businesses are realizing that their employees can successfully work remotely, and save related costs from doing so.
- Schools face uncertain paths to reopening with many districts suggesting they will use a hybrid model in fall 2020, requiring some remote schooling.
- To address these fundamental changes, cities will need to ensure that all residents have access to broadband. This means both building the physical infrastructure and ensuring affordability.

Action:

Cities should provide broadband access to all residents through 1) extending broadband physical infrastructure and 2) providing funding for low-income residents to receive broadband. This will enable residents to work remotely, local businesses to compete at a larger scale, and students to receive remote education.

- Facilitating access to broadband requires different solutions depending on local circumstances. For some communities, there are issues with physical broadband infrastructure.
- For others, most residents have access but are unable to access it due to affordability. The latter can be addressed through direct or indirect subsidies.

Case study on Municipal Broadband:
Wilson, North Carolina – Greenlight Community Broadband

Wilson, North Carolina (population ~50,000) was facing an uncertain and troubling economic future. The decline of the manufacturing and tobacco industries had impacted their economy and lack of job availability was causing many to leave the City. Recognizing that it needed to adapt to the changing employment landscape, the town decided to prioritize broadband installation to enable people to work remotely.

Wilson met with its local cable provider and tried to convince them to expand access. But the cable company explained that it would be impractical to install high-speed internet because the City was not densely populated. After declining the City's offer to handle the cost, the company "laughed" at Wilson's suggestion that it would build its own wifi network. That prompted the City to create the "first gigabit city", establishing the Greenlight Community Broadband to provide broadband to the entire community.

After attempting to find partner companies, Wilson proceeded to build the network itself. The City borrowed $33 million to build the system, finishing construction and providing internet to the entire City by 2009. All schools have 100 mbps (or more) and the entire community is able to access gigabit speed. Greenlight is on track to pay back its loans on time.

Since providing the gigabit internet, Wilson has seen a significant increase in economic development, with businesses moving to the City and people able to more easily work remotely.

Barton College has been able to attract better students, develop advanced curriculum, and better place students into jobs. Additionally, the launch of Greenlight has led to competitor prices dropping in the City.

A study found that the community saved $1 million per year from more affordable rates because of Greenlight, while broadband rates have consistently increased in surrounding areas. Greenlight's price for a 100 mbps internet connection is less than what some individuals in nearby communities pay for 10 mbps. Greenlight is community-owned and provides the full range of broadband services (e.g., installation, repair, etc.) to the community.

Note: Broadband deployment regulations vary by state. Some, such as North Carolina, prohibit municipal broadband and have prohibited Greenlight's expansion into surrounding communities. However, there are several options to consider when deploying broadband. For some communities, short-term access can be provided through subsidies and mobile hotspots.

One non-profit, Connected Nation, works with local communities to identify demand for broadband then presents this information to broadband providers to show the business case for broadband expansion. Their work expanded broadband availability in Kentucky from 60% to 95% of households.

Case study: Balanced Public-Private Partnership

Westminster, Maryland (population ~18,000) had significant issues with broadband access and many residents lacked access. To facilitate access, the County, Public School System, Libraries, and Community College formed the Carroll County Public Network (CCPN) to focus on improving access. CCPN partnered with Ting - an internet service provider - to provide access to its residents. Westminster is responsible for network construction and owns all fiber infrastructure. Ting provides service to residents and leases access. After an

initial exclusivity period, competitors will be allowed onto the network.Initially designed for only businesses, the network has since broadened to include residents due to its popularity. Adoption rates have been high and one IT company even moved their operations to Westminster - a town of 18,000 residents - because of the improved connectivity and other low costs. The agreement requires Ting to answer all customer calls with a human representative.

How to:

1. Physical infrastructure

A. Assess where gaps in broadband access exist due to lack of physical infrastructure

- Gather data on the potential upside to companies to expanding broadband access
- Survey residents to determine who has broadband

B. Determine if there are "shovel-ready" projects that the city can act on immediately (e.g., projects where planning and approval have already been completed for wiring installation).

- Similarly, cities should explore "dark fiber" networks, where bandwidth on existing broadband networks are not being used to their full capacity (e.g., by corporations, universities, military, etc.). Newark, NJ has used this model to expand broadband access.

C. Explore funding options and consider the different options for expansion

- Municipal-owned broadband (e.g., Wilson, NC) -> broadband run by the city (more information below). This may be prohibited by state regulations.

- State funding programs: some states such as Wisconsin's Broadband Expansion Grant Program, allow a city and broadband provider to apply jointly.

- Public-private partnerships
    - PPPs related to broadband have varying degrees of public-sector involvement from private-led investment and minimal public sector support.

    - The government can take a leading role in construction (e.g., financing, constructing) and own the network, having private companies facilitate access.

    - Balanced partnerships where private and public sector entities share benefits and risks.

- What model makes sense for your city depends on the funding available for the expansion, private-sector and philanthropic partners available, and local expertise. The degree of public-sector involvement should be determined based on the risk exposure your government is willing to assume. Often, balanced PPPs are pursued as a way to both retain public ownership and minimize risk.

D. Launch physical broadband expansion, prioritizing areas with "shovel-ready" projects

E. Track progress and revise as necessary

2. Subsidies

A. Determine # of people who do not have broadband access due to lack of affordability

- Broadband providers often have data on who has not subscribed

Note : some people do not subscribe to broadband because they have other ways to access data (e.g., 3-5G on their mobile); however it can make it challenging to perform more broadband-heavy tasks (e.g., video calls).

B. Work with broadband providers to see if complimentary access can be provided

- Providers offer broadband to low-income Americans who qualify (generally eligibility is based on income levels and/or participation in certain programs), costing as little as $10/month. Many are unaware of this offering.

C. Evaluate funding options

- Ask broadband providers if they are willing to extend access, especially during COVID times. The cost to these providers is negligent if access already exists in the building/area.
- Consider potential philanthropic partners to support this effort.

D. Work with city council to meet short-term broadband needs for low-income residents.

- Funding should be provided until 1) businesses reopen and people can return to work and 2) schools reopen.
- Subsidies for a high number of residents could be significantly below cost (e.g., $5/month per customer or less). Broadband companies will want to set up many new accounts so there is a substantial upside here.
- Pay broadband companies directly to avoid additional bureaucratic work and potential economic harm while waiting for reimbursement (e.g., do not require residents to pay and request reimbursement).

E. Launch effort to inform residents of the new broadband subsidy program.

- Be sure to focus on low-income and communities of color

F. Track adoption rate and progress, altering program as necessary.

- If possible, offer discounted access to new entrepreneurs (those with 0 employees).
- Ensure that cost is tracked and that broadband does not become unaffordable

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Benefits:

- Ensures equitable recovery by enabling people to access jobs that may not be in their immediate area
- Avoids health risks of travel (e.g., on public transit)
- Enables businesses to be more competitive by offering lower-cost and more reliable services in the community

Risks:

- Costs can be high when facilitating access in more isolated communities
- Affordability can become a long-term cost if steps are not taken to work with businesses to lower costs and facilitate access

Impact: H
Implementation time: S (subsidies), L (physical infrastructure)
Cost: H. *It will cost millions to expand physical infrastructure for broadband or issue subsidies. You can expect to pay at least ~$5-$10/month for subsidies for each family without the internet. Actual costs will depend on local circumstances.*

Resources:

- Draft municipal broadband documents, depending on local circumstances.
- Program evaluation and success metrics.

Action 2: Build an entrepreneurial ecosystem

Problem:

The availability of funds is not enough to ensure the success of local businesses. In fact, funds without support and technical assistance can create problems for businesses. But technical assistance programs are not enough; the success of entrepreneurs depends on having a strong community of mentors that they can rely on to help them along the process of starting and scaling a business -- whether it be answering questions about business planning and strategy advice, partners, the local market, funding /grants, or even getting advice on who to go to.

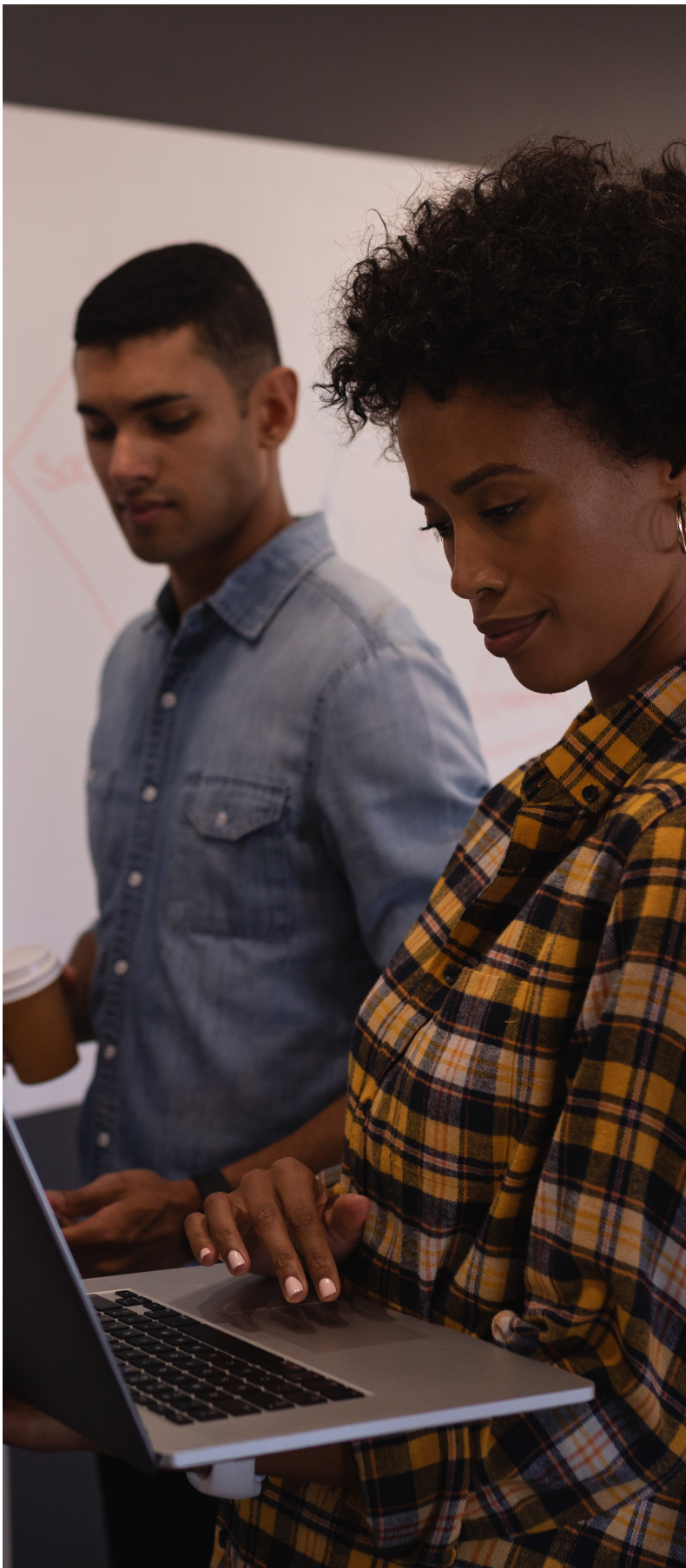
- This ecosystem must be diverse and available to all in the community. An estimated 81 percent of funding for businesses come through personal net worth, family wealth, or connections to networks.

- The lack of business role models is particularly acute for Black and brown business owners, impeding their ability to start businesses. Ensuring that these individuals have an entrepreneurial ecosystem is critical to ensuring equity in a city.

Action:

Cities should launch programs, leveraging business and community partners, to foster an entrepreneurial environment. These actions should focus around connecting entrepreneurs and facilitating access to government and support services, such as mentoring.

- They usually should not be led by the city, but the city has a key role to play encouraging, galvanizing, connecting, and facilitating. These actions are also incredibly important, are foundational to ensure the success of other programs in this tactical guide, and low-cost.



Case Study: Independence, OR – Entrepreneurship initiatives

Independence, Oregon (population ~10,000) was a thriving agricultural City that was facing an uncertain and concerning economic future in the 1990s due to the changing employment landscape. City officials decided to take decisive action to reverse this decline and prepare the economy for the 21st century by centering entrepreneurship. Several initiatives were launched as part of their 2020 Vision plan to build an entrepreneurial ecosystem.

One of the catalysts for building the entrepreneurship ecosystem in the city was attracting Indy Commons, a coworking space that offers members the ability to network and collaborate.

Created by a private entrepreneur who partners with the City to host different events, ranging from practical skills (e.g., how to create a "Google My Business" account) to information sessions from government officials. Membership is offered at several levels - with rates starting as low as $75 a month - to enable local entrepreneurs with little capital to take advantage of the space.

It has been so popular that it recently moved to a larger space to handle additional capacity. One of the primary benefits of the space is the high-speed broadband made possible by city investments.

Related to Indy Commons is IndyIdeaHub, a speaker series established to facilitate connections between local entrepreneurs, city officials, and business leaders. The non-profit will also be providing one-on-one technical assistance to local business owners. Leveraging Kauffman Foundation's 1 million cups as a model program, the team hosts regular events centered around entrepreneurship and sharing best practices. Events are normally hosted at Indy Commons and complimentary coffee and pastries are provided by local businesses.

The organization hosts events with different themes such as starting a business, accessing capital, and crowdfunding. They also host regular "Fail Fests" and bring in successful entrepreneurs to discuss previously failed enterprises and show how to take appropriate risks.

Given the community's strong agricultural roots, the City has been examining opportunities to incorporate food-related entrepreneurship into the program. The local school district is working to establish an Agricultural Technology Education Center on a 10-acre property in the county. Students will be able to learn about critical agriculture skills and cutting edge technology.

The City is also partnering with Oregon State University to offer programming to aspiring entrepreneurs and business owners.

Its work has received acclaim and the town is serving as a model to other cities thinking about how to promote entrepreneurship. City officials proactively meet with prospective entrepreneurs and small business owners to identify barriers and make it easier to do business. The City has even attracted a new hotel.

Despite Independence's successes, it is continuing to focus on building an entrepreneurial ecosystem. The City has started planning its 2040 Visions to further entrepreneurship and innovation. IndyCommons is also considering building a podcast and video room to meet entrepreneurial needs in today's post-COVID world.

Additional example

The Russell Center for Innovation and Entrepreneurship (RCIE) is a new center in Atlanta, created to empower Black entrepreneurs and small business owners. Funded by a grant through the Russell family, the RCIE will have several key elements: incubator, accelerator, and innovation lab. It will serve as a convener to highlight resources, networks, mentors, technical assistance, and education opportunities for Black Atlantans. RCIE will have a physical coworking and convening space.

Note : RCIE was funded through a private philanthropic partner. Cities should explore whether this is a possibility; otherwise, they should consider donating space in City buildings for convenings or identifying local partners (e.g., coffee shops) that can host events.

How to:

A. Engage and Assess Your Current Ecosystem

- Reach out to local business leaders and entrepreneurs to identify gaps in existing programming and opportunities
- Be sure to reach out to communities of color and low-income individuals to understand the needs of all communities
- Connect with startup and small business groups, local non-profits, educational institutions, philanthropic partners, and business leaders to ensure participation. Part of the program's benefit should be to offer networking and mentoring opportunities with established leaders.
- Use data (e.g., from Kauffman foundation's My Sidewalk) to demonstrate where potential gaps and opportunities for entrepreneurship exist in the community.

B. Entrepreneurship convenings

- Consider philanthropic models (e.g., 1 Million Cups) as a model for this.
- Identify space(s) that can be used for gatherings.
    - Spaces should be easily accessible and conducive to small group gatherings (e.g., coffee shops)
- Plan first convening with at least 2 entrepreneurs presenting their businesses and gathering input
- Establish a recurring schedule for convenings, with a set time and place
- Establish clear success metrics and modify the program as necessary
- The convener does not need to be the city officials – rather it can be successful entrepreneurs in the community. The city's role may be helping identify the right leader in the community and spreading awareness.

C. Regulation Reform

- Meet with local business leaders and entrepreneurs to discuss existing government regulations and burdensome processes
- Direct the city attorney's office to conduct a review of regulations with a particular focus on identified roadblocks.
    - Require "positive justification" (e.g., clean sheet regulations) for regulations that remain for businesses
- Modify/eliminate unnecessary regulations. Work with city council and relevant stakeholders to make changes as necessary.

Benefits:

- Establishes a network that businesses can leverage to get advice and support
- Enables entrepreneurs to see success stories and understand best practices
- Low cost to implement

Risks:

- Can be lofty / not actionable if the group does not provide tangible benefits
- Runs the risk of only helping certain segments of the population if it does not include a diverse group of businesses

Impact: M (low in isolation but enables many other actions)
Implementation time: S
Cost: L. *These programs can be very low cost and likely only require a coordinator role. Entrepreneurial partners and community leaders should help lead these efforts.*

Resources:

- Program evaluation and success metrics
- Startup Communities: Building an Entrepreneurial Ecosystem in Your City by Brad Field. This book has valuable insights into how to build this ecosystem.

Action 3: Use city land use powers to achieve equitable growth

Problem:

Municipal governments have a valuable tool in land-use regulations to support economic development and investment. In the post-COVID landscape, cities can both accelerate development already in the pipeline and ease the project review process to enable development to happen faster. Despite significant debate around the impact of zoning – and whether it is applied fairly – many agree that land-use powers could be better aligned with overarching economic development goals. Cities are currently witnessing a need for more flexibility in their regulatory structures to enable economic recovery.

Action:

Use land-use powers to further economic development by offering fee reductions, fast-tracked permitting/inspections, and amended zoning laws. Redeploy staff towards long term planning so that the city is well-positioned to capture new development when the economy starts to grow again.

There are a few types of land-use powers that cities can leverage:

1. **Land banks:** Land banks provide a mechanism by which cities with high numbers of delinquent or underused properties might be put back into productive use. Land banks require consistent funding streams, solid database management, and mechanisms usually enabled by the state governments to support the clearance of title or other obstructions. States and counties generally need to get involved in establishing the laws that will allow for the collection of delinquent taxes .
2. **Zoning and Land-Use/Entitlements:** Changing zoning laws will enable land-uses to be repurposed more easily in response to sectoral impacts caused by the pandemic (e.g., changing depreciated retail centers to new residential uses).
   - This could include encouraging the development of multi-use buildings and areas in order to reduce the need to travel between traditional single-use districts (e.g., introducing more residential and leisure uses into central business districts). Building flexibility into permitted uses in certain areas would allow for more small business activity to take place.
3. **Fee Reductions and Permitting/Inspections:** As cities are recovering from the economic shutdown due to COVID, municipalities are searching for ways to spur more rapid housing and development as a means of stimulating economic activity. There are numerous trade-offs to reducing fees and accelerating permits for different kinds of development and housing.
   - One of the challenges is the loss of revenue from the reduction in fees levied by a municipality to enable more rapid investment in housing. While fee reductions, in particular, may enable a degree of savings and encourage development, it is not uncommon for the city to levy fees and taxes elsewhere as a means of filling a budget gap. left by fee reductions.

Case Study: Houston, TX – Land Bank

In 2018 the Houston Land Bank evolved out of the pre-existing Land Assemblage Redevelopment Authority originally established in 1999 with a singular purpose to convey vacant tax-foreclosed land into new affordable housing. The need for a more effective land bank became clear after the city lost 300,000 units of housing as a result of the hurricane, making the lack of affordable housing even more acute.

The HLB was strengthened to provide more efficiency in the return of properties to productive use and protect neighborhoods from future disinvestment - and support the creation of affordable housing in underserved neighborhoods in which land values were accelerating. In 2019, the HLB worked with the Center for Community Progress to revamp its legislative tools to update its legislative framework to increase its reach as well as worked to develop the organization's human and administrative capacity.

The strengthening of the land bank was possible due to the availability of local housing specific funds (TIRZ) as recovery dollars that came into the city as a result of Harvey.

In order to facilitate the development of affordable housing, the HLB works closely with the City of Houston Housing and Community Development Department (HCDD), Houston Community Land Trust to connect potential homebuyers to the affordable homes being developed since it was established in 2018, also with Hurricane Harvey recovery dollars.

The HLB is also investing in the local workforce, developing programs for new start-up builders to become HLB Approved Builders.

The HLB has sold over 712 properties with over $76M property value put back into the market. The team has over 75 properties in development and is working to purchase additional land to support its two programs. HLB is also reimagining how the land bank can best serve the community; for future developments, it is working on an " affordable housing+" strategy that would facilitate investments in neighborhoods where affordable housing is built. This includes building support elements to enhance communities (e.g., attracting grocery stores, innovation labs, etc.).

Since the 2008 foreclosure crisis, the number of land banks in the US more than doubled as a means for local government to return tax delinquent and abandoned properties to market, as well as secure public policy goals of increased housing and amenities in core neighborhoods. The impacts on homeownership and the COVID shutdown have yet to be seen, but cities are already bracing for a potential wave of foreclosures.

Additional example

A. Zoning and Land-Use/Entitlements:

- Santa Monica recently passed several zoning changes to support business activity such as the elimination of the 1-year Rule for the abandonment of legal non-conforming use for retail and restaurant uses, and reduced restrictions on restaurant size and parking.

- Nashville recently eased its regulations on home occupations, to make it easier for people (particularly musicians) to run small businesses out of their existing dwellings.

B. Fee Reductions and Permitting/Inspections:

- The SMART housing program in Austin, TX provides a variety of incentives for private developers who create and preserve housing for low- and moderate households and for persons with disabilities. Projects that set aside units as affordable to homeowners and renters earning no more than 80 percent of the median family income (120 percent for owner-occupied units located in certain areas) are eligible for full or partial waivers of 29 separate fees. Fee reductions range from 25 percent for developments where 10 percent of units meet affordability requirements to 100 percent for developments where 40 percent of units meet affordability requirements.

How to:

A. Rapidly examine slow-downs in permitting and approvals processes in city agencies and remove barriers and fees to project approvals, particularly for affordable housing.

- If digitization and online review meetings have already started, scale and further institutionalize changes to relieve staff burden
  - May require staff training and permissions from the state

B. Leverage existing planning initiatives (comprehensive plans, neighborhood plans or zoning updates) and expedite those proposals for implementation

- Updates to comprehensive plans may already have proposed changes to the zoning code for future development
- Examine where variance applications are taking place and for what purpose

C. Align city planning and the city's economic recovery strategy

- Ensure that land is designated for the right purposes (e.g., industrial zoning when necessary, changing zoning to encourage development, etc.)

D. Collaborate more robustly with land banks (if already established) and streamline processes to develop or convey land to prevent speculation in underserved areas

E. Evaluate options given local circumstances

- If a land bank is not yet established, work with the state or county to understand which regulations would need to be put in place for tax collection
  - Create or update the database of city-owned land
  - Understand losses from unpaid taxes on vacant or abandoned properties
- Determine the best place to house a land bank
  - Depends on the capacity of your city (e.g., could you do this within the city, does your mayor want to be directly engaged and oversee, etc.)
  - Some cities may prefer to set it up as a standalone agency with more autonomy

Benefits:

- Uses one of the strongest municipal powers to draw investments in a way that is aligned with economic development goals.
- Relatively low cost for a city (e.g., fee reductions may have some costs)
- Leverages existing planning, or current planning processes that can be implemented quickly
- Accelerates digitization of review processes and permitting already underway due to COVID
- Recoups taxes or puts properties back on tax rolls for revenue creation

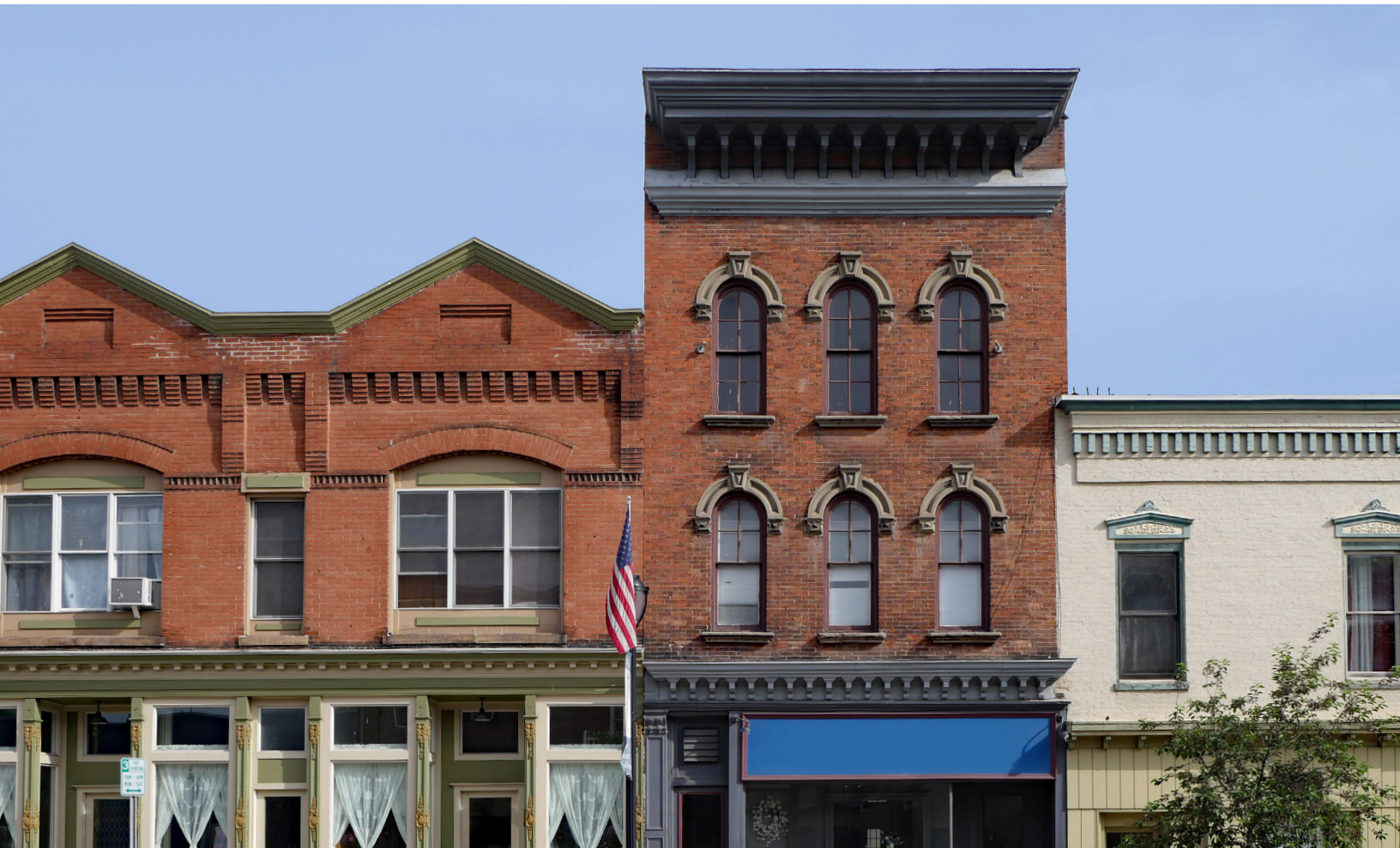
Risks:

- May require disruption of existing planning processes
- Can perpetuate economic disinvestment in low-income areas, if not thoughtfully considered
- Can be time-consuming and require considerable buy-in from stakeholders and community
- May require supporting legislation from the state or county

Impact: M
Implementation time: S (if no city council approval required), M (if required)
Cost: L. *Some FTE are required to administer the program, but the actions are centered around powers and property the government already owns.*

Resources:

- The State of New Jersey passed a local Land Banks Law in 2019, which creates tools for municipalities to use to stave off abandonment and speculation by entities not as concerned with community interests.
- HUD recently published a comprehensive Land Banking Tactical Guide to guide local governments and nonprofits how to organize and establish a land bank.



Action 4: Implement incentives in a targeted way the facilitates workforce development investments and helps low income and minority communities

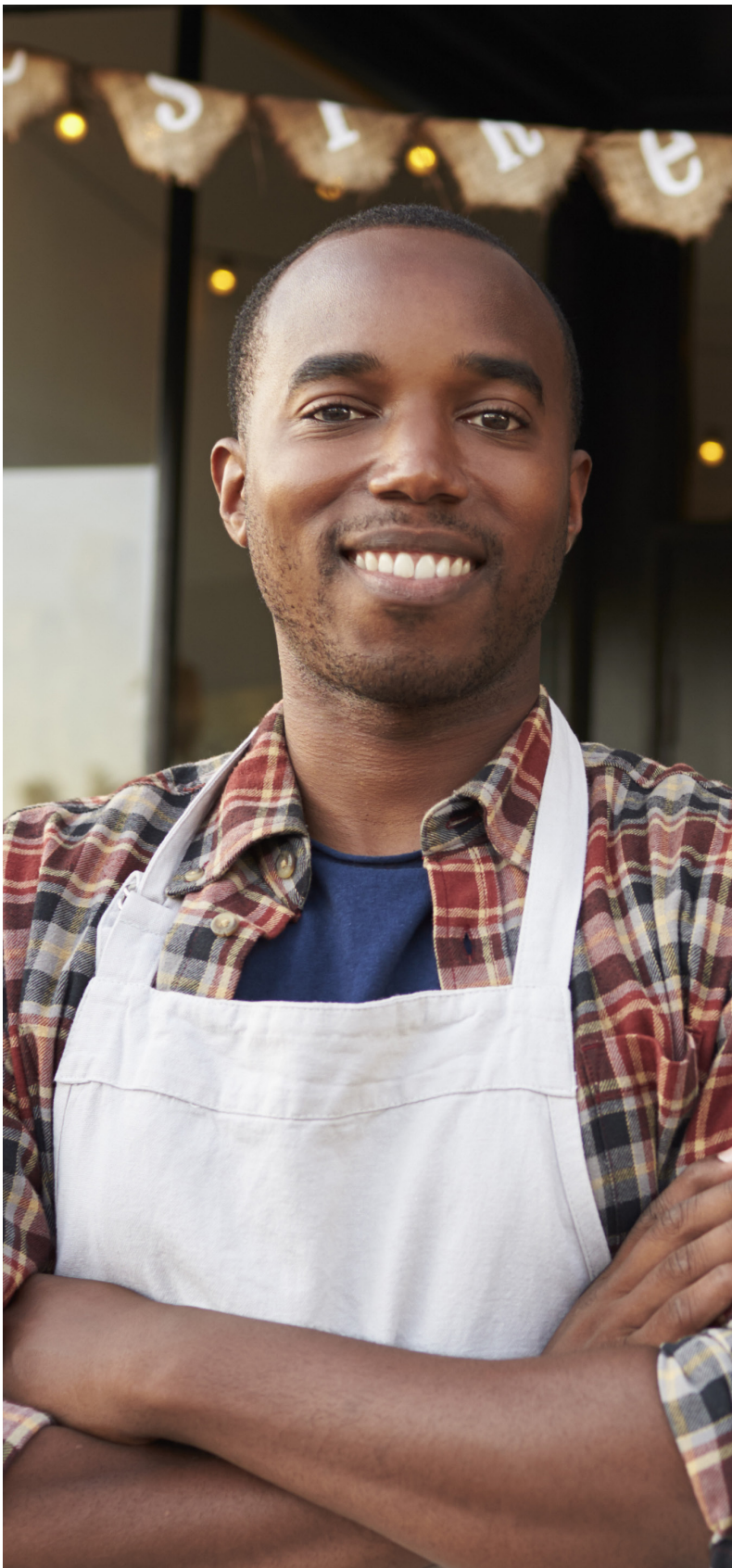
Problem:

For decades, cities have used incentives to attract and retain businesses. Historically, incentives often caused "race-to-the-bottom" dynamics that hurt all cities involved, where cities give significant tax breaks without considering overall economic goals, because they felt the need to compete on cost with other cities. Research shows that this has led to the "prisoner's dilemma", where each city offers additional incentives until it may not be in a city's interest to have the company located there given the tradeoffs.

- However, this does not mean that incentives should never be used. When crafted thoughtfully to align with local economic development goals and drive local growth and jobs, incentives can be a useful tool. With many businesses struggling due to COVID - with an expectation that all companies will continue to suffer due to the pandemic - cities need to think about how they will support their local businesses. As the economy starts to recover and businesses are looking to expand again, local communities need to be situated to capture this growth.

Action:

Cities should retool existing and/or develop new business incentives to advance equitable economic growth. Incentives should be structured to successfully attract and retain good jobs while requiring employers to develop local talent, particularly for low-income residents and people of color.



Case Study: Birmingham, Alabama – "TIP TAP TOP" program

Shipt was a start-up founded in Birmingham, AL, in 2014. The online grocery delivery platform grew rapidly and was acquired by Target in 2017. After acquisition, the company projected 881 jobs would be added over the next three years, but the question was where those jobs would be located: would they place those jobs in the Bay Area - where some employees were already based? Would they move jobs and headquarters to Minneapolis where Target is headquartered? Or, would they keep those jobs in Birmingham?

The City of Birmingham realized that to ensure Shipt and Target would keep jobs in their City, it would need to incentivize them to stay. But, the City did not want to just offer incentives that lowered tax collection without furthering economic development goals. Therefore, the City developed an innovative incentive program: "TIP TAP TOP." All three elements described below are tax abatements against the taxes that SHIPT owes the City in exchange for the investment in three areas.

- **Talent Investment Program (TIP):** Shipt invests in training for "demand-driven" occupations via occupational tax abatements. The program focuses on recruiting people for positions that are difficult to source locally (e.g., web developers, software engineers) who relocate and move to the area. It could include providing supplemental salary, relocation assistance, etc.

- **Talent Acceleration Program (TAP):** Shipt supports tuition assistance, learning, and skill development designated for enabling existing low-wage and lower-skilled employees to grow into other positions within the company. This includes enrolling in skill training programs, classes, and other entities.

- **Talent Optimization Program (TOP):** Shipt supports the hiring of local talent, training, and development (e.g. management training and continuing education) for current employees; and the attraction of national talent. This is the main element of the program and includes targeted funding to hire local university students.

Shipt is responsible for all program expenses and is only able to apply for reimbursement for a portion (up to ~$1.76M). In its draft project agreement (attached), Birmingham explicitly describes which costs are eligible/ not eligible for reimbursement, and Shipt only receives reimbursement after successful implementation (e.g., only can receive reimbursement for TOP if new local talent is hired).

Birmingham implemented the program in 2018 and convinced Shipt to keep jobs -- and expand -- locally. The City has a robust set of success metrics to evaluate the program (see attached document) . All the above incentives are only provided based on individuals who have successfully gone through the program.

Additional examples

Several other cities have implemented similar, targeted incentives programs. For example, Austin's Business Expansion Incentive Program provides support for businesses that are growing and looking to hire local, hiring employees with barriers, or reconsidering moving to Austin. These incentives include some wage reimbursement and are paid out annually at the end of the year. To apply, businesses can submit an incentive inquiry to start the process.

The program offers incentives to three types of businesses:

1. **Local Austin businesses (e.g., those already based in the area)**

- Businesses that are growing locally can get up to 3% wages reimbursement per job / per year (max $1,800) and up to 50%property tax reimbursement

- To be eligible for these incentives, businesses must have registered and been operational in Austin for at least 12 months and have created at least 5 jobs over 5 years paying (at minimum) the Austin living wage.

2. **Employers hiring targeted populations**

    - Businesses hiring employees with barriers can receive up to $3,000 per target job / per year and up to 50% property tax reimbursement

    - To be eligible for these incentives, businesses must have created 1 job for targeted populations and the pay must be (at minimum) the Austin living wage

3. **Businesses relocating to Austin.**

    - Businesses that relocate to Austin can get up to 3% wages reimbursement per job / per year (max $1,800) and up to 50%property tax reimbursement

    - To be eligible for these incentives, businesses must have no significant presence in Austin (defined as 5 or less Austin employees) and create at least 75 jobs over 10 years paying (at minimum) the Austin living wage.

How to:

A. Identify community priorities that should be served by an incentives program (e.g., talent investment, local hiring, business attraction)

- This should be done by looking at the greatest community needs (e.g., if a community has a lack of a certain type of high-in-demand job type or if a university has a particular program that produces many graduates with specific skills).

B. Develop new or retool existing incentives program with incentives linked to clear equitable outcomes/metrics (See template in resources)

- A reasonable tax abatement should be set per job created/ attracted/ saved, depending on local circumstances. Incentives should focus on low-income and communities of color (look to Birmingham and Austin examples, below, for suggested figures for incentives).

Note: Incentives should be given after companies have demonstrated impact (e.g., provide data to city officials showing # of local hires)

- Reach out to local and prospective businesses to market test incentives. Confirm with companies that the incentives will be useful for them.

C. Obtain approval for incentives program from authorizing body (generally city council)

D. Develop materials to explain incentives program and how businesses can take advantage of them

E. Reach out actively to local businesses to highlight new incentives program

F. Engage potential businesses that would consider expansion

G. Develop agreements with businesses for incentives program

H. Track success of program using clearly established and agreed-upon metrics with individual businesses (See template in resources)

Benefits:

- Attracts businesses and talent to local community
- Leverages employers to invest in low income and people of color and connect them to good jobs.

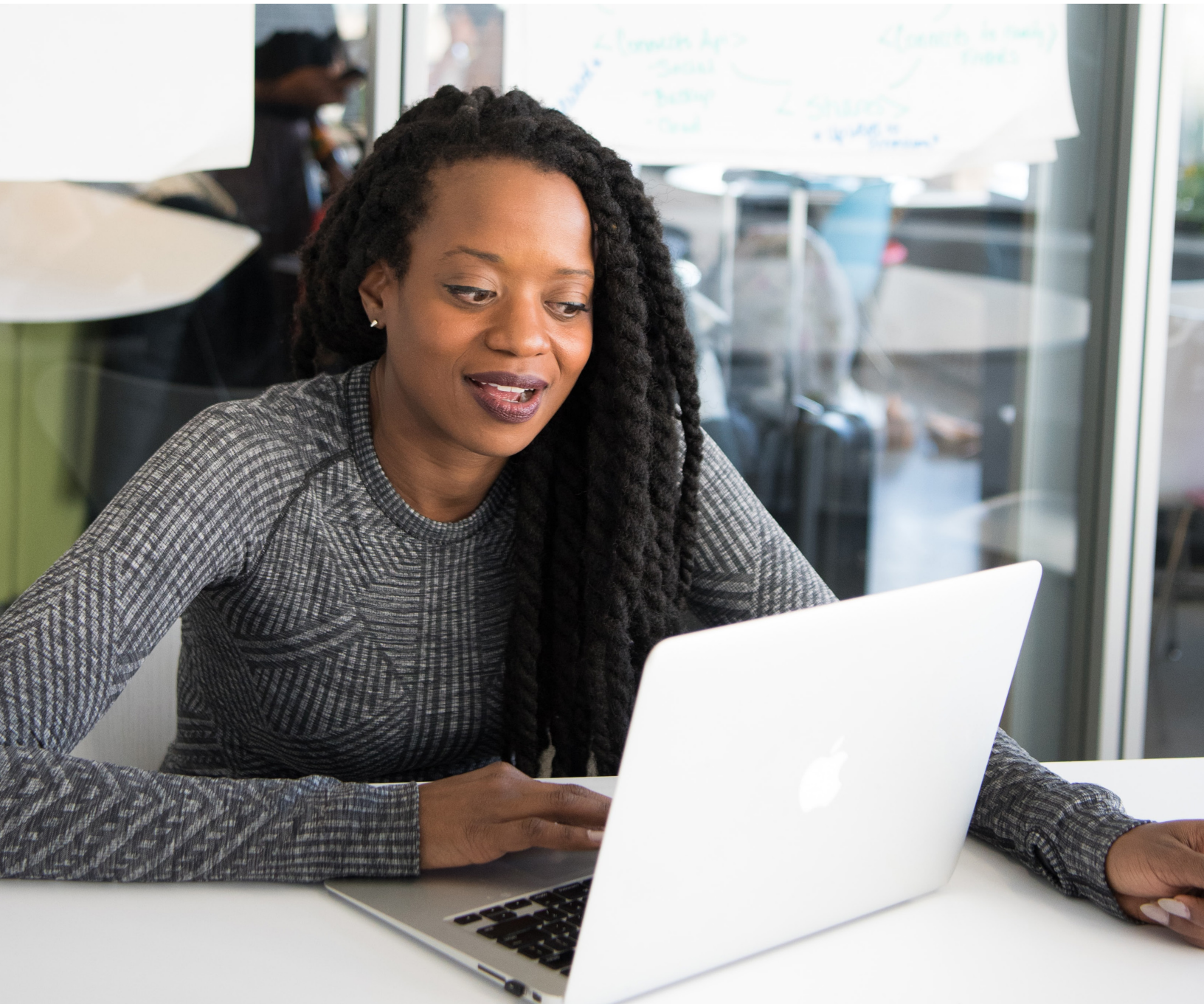
Risks:

- Lost tax revenue for the city
- Companies may threaten to leave and/or not commit to the community unless they receive incentives

Impact: M
Implementation time: S
Cost: L. *Your city will need FTE to implement the program and monitor progress.*

Resources:

- Incentives project agreement
- Program evaluation and success metrics



SECTION 2: SUPPORT SMALL BUSINESSES

Action 5: Give preference to local businesses for city contracts

Problem:

Local businesses in particular have been devastated by COVID-19. One in four small businesses have considered closing due to the pandemic, and many others are facing significant challenges, unlike anything they've experienced.

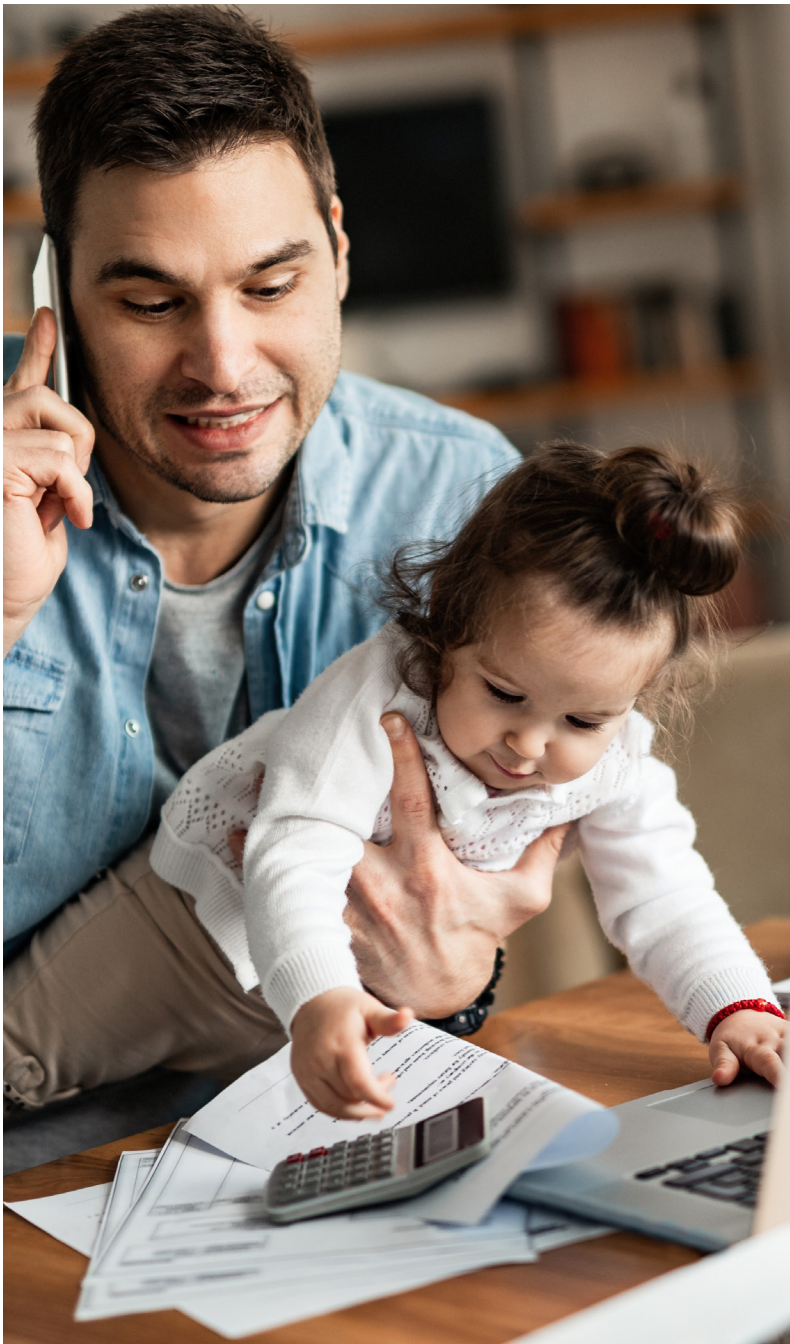
- City contracting is a powerful tool for driving local demand but small businesses are often unable to compete for contracts because of a lack of awareness about the contracts or the bid process, insufficient funds to compete, and/or concerns about reporting requirements.

Action:

The City should provide a preference and/or discount for local contractors in its procurement process. By increasing the amount of purchasing at local firms, this action will help maximize the local multiplier effect which is critical, particularly during the deepest parts of the recession.

- A similar but distinct program should be created for minority-owned businesses, given the persistent disparities.

- However, this action will only be successful if it is done in conjunction with several others included here, including creating a more entrepreneurial ecosystem, providing funding to help scale, and actively reaching out to prospective local businesses.



Case Study: San Francisco, CA – Local Business Enterprise Program

The City of San Francisco has implemented a local business enterprise (LBE) preference program that is designed to increase the number of government contracts going to local small businesses in the city.

- The program -- enacted carefully to be in accordance with state and federal contracting laws -- enables local small businesses to compete for contracts.
- The local business enterprise preference program was accompanied by strong technical assistance. It was implemented after a 2004 State Superior Court decision ruled that the previous local business preference program had violated Proposition 209, a local ordinance prohibiting discrimination based on race.
- The new local business preference program was formed with this context in mind and focuses on goals for engaging local businesses.

The Mayor sets a goal for the City every year and the City provides bid discounts, set-asides, and subcontracting opportunities to make it easier for local businesses to win contracts. There is also a Human Rights Commission which is focused on increasing minority-business engagement.

San Francisco created a free LBE certification process to determine eligible businesses. The city provides a 10% discount on bids for government contracts. The 10% threshold was chosen after the city conducted a disparity study to determine an appropriate rate to counteract lower prices that larger corporations may be able to provide.

To be certified, a business must maintain their principal place of business in the City and have a majority of principals based in that office. They must also pay at least 51% of their payroll taxes to the city to demonstrate that a majority of their employees are based in their city.

The city defines eligible businesses as local small businesses if their average gross annual receipts in the previous three years do not exceed several set limits: (1) public works/construction - $14,000,000; (2) specialty construction contractors - $7,000,000; (3) goods/materials/equipment and general services - $7,000,000; (4) professional services and architect/engineering - $2,500,000; and (5) trucking - $3,500,000.

A city office has been given responsibility for review and enforcement and review of these limits. The City has also linked this initiative with its Surety Bonds program to enable small businesses to have a better chance of winning government contracts (this action is included later in the tactical guide).

One of the biggest challenges that the City has encountered is ensuring that small businesses are able to complete contracts. Some business owners have never applied for a government contract, nor completed a large-scale project. To address this, the city provides significant technical assistance during the certification process and facilitates connections to other entrepreneurs who can provide insights into this work.

Additional examples:

Chicago also has several programs to support local businesses and advantage them during government procurement processes. The Mid-Sized Business Initiative (MBI) is designed to enhance procurement opportunities for midsize businesses to work with Chicago. The program sets aside certain construction contracts to be made exclusively available to qualified, midsize, local businesses. There are two tiers of contracts: MBI-1 projects with an estimated value of between $10 and $20 million and MBI-2 which are $3 and $10 million in size.

To qualify, a business must meet several requirements, including the size of the business. This program focuses on construction, but the city has also created a non-construction version, the Non-Construction Mid-Sized Business Initiative (NMBI).

How to:

A. Determine the type of preference your city wants to provide (e.g., discount in scoring vs. actual set-aside in terms of % of contract)

- Assess the percentage of current business (in terms of contracting dollars) that goes to government contracts and set a target for how much spend should be prioritized for local small businesses.
- How your city does this may be dictated by state law. Some states forbid specific set-asides for local contracts. If your state has strict rules, you should consult your city's attorneys. Some cities may need to frame this action as a preference for "familiarity with local environment" to be compliant with state regulations.
- Discuss with local business leaders to get feedback on the proposed program

B. Draft administrative code language for local preference program (See template in resources)

- Be sure to review with the city's attorney and other officials
- Have strong enforcement mechanisms to hold companies accountable to requirements regarding subcontractors. This should include fines and the ability to end the contract.
- Establish parameters for the definition of a local business (e.g., majority of employees/ principals based in the city). Determine which businesses are eligible based on size, revenue limit by industry, etc. These limits will vary according to local circumstances.

C. Review the language with city council, city administrators, local business leaders, and other key stakeholders to confirm that it is satisfactory

D. After passing, launch an outreach effort to familiarize local businesses and support them in their application process

- Reach out to relevant businesses and launch a communications effort to notify businesses of the program
- Establish a procedure to actively contact businesses about contracts that may be suitable for them

E. Assign responsibility to government officials - and hire if necessary to augment existing staff - to provide technical assistance

F. Track metrics on program performance with biannual sharing of data. (See template in resources)

Benefits:

- Keeps government spending local, reducing leakage and increasing overall economic activity in the city.
- Supports local businesses and enables them to compete for government contracts.
- Provides structured mechanisms for local businesses to obtain a reasonable advantage in contracting.

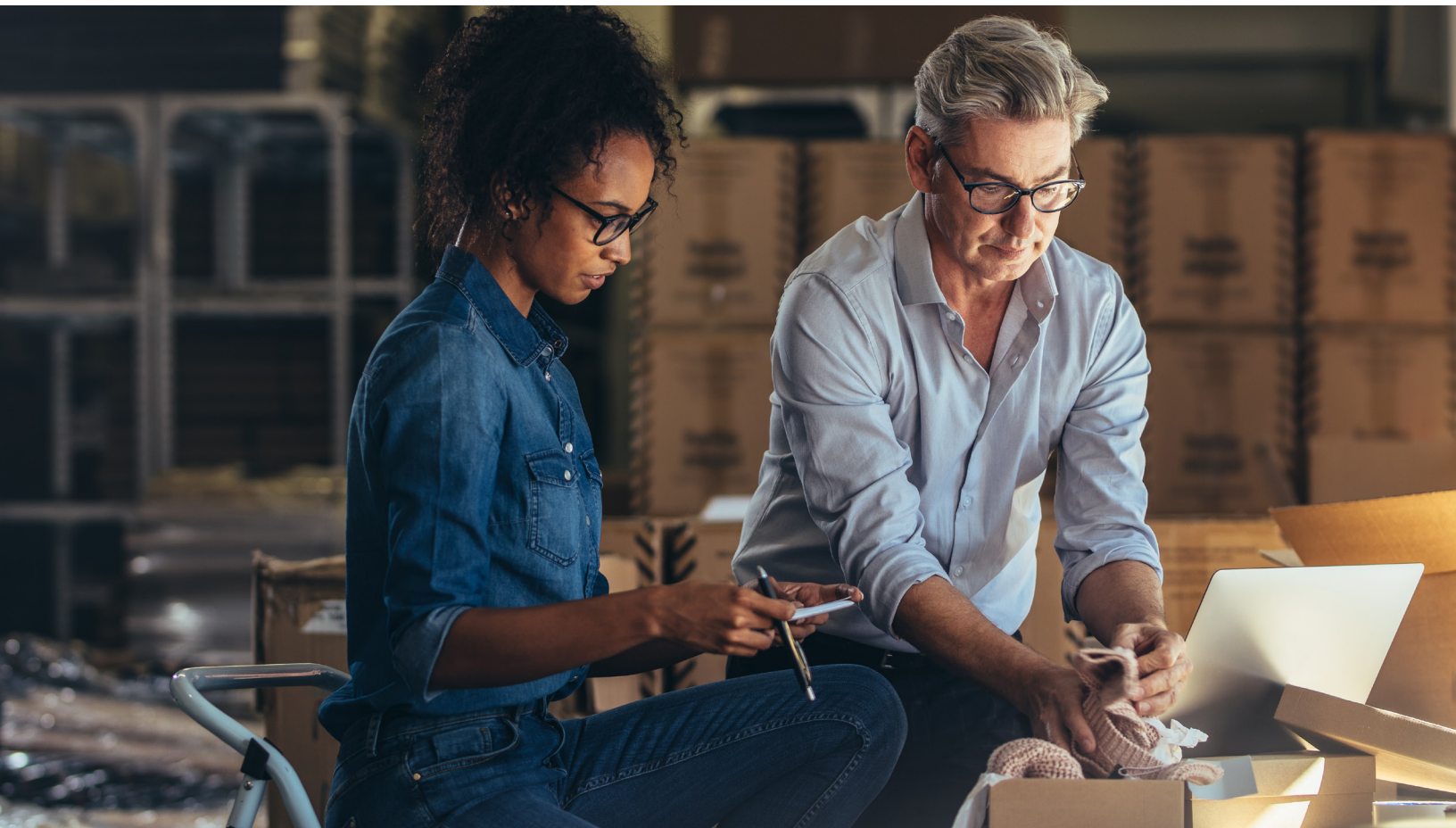
Impact: M
Implementation time: M
Cost: L . *The preference program itself is not expensive, although it may require several FTE to provide technical assistance and oversight.*

Resources:

- Draft language for city council based on SF 14-B administrative code
- Metrics for success

Risks:

- Raises concerns among larger businesses that compete with small and local businesses.
- Needs to be accompanied by proper technical assistance for local businesses (e.g., access to capital, technical expertise) to ensure they are able to fully leverage opportunities.
- Can cause problems for businesses looking to compete in surrounding communities (if all implement this).
- Could lead to higher cost of goods and services due to preferences which may mean more expensive suppliers, wages, etc.



Action 6: Launch a microgrant program

Problem:

Microfinancing is an important tool to assist small businesses with a documented history of success. When businesses are first starting out, they often are unable to get access to capital.

And yet, the costs to start a microbusiness can be quite low with some estimates at a few thousand dollars. In some cases, a larger loan may be detrimental if a recipient is not ready to expand the business quickly and will not have the necessary earnings. Through the Small Business Administration, small businesses have received almost $900M in a mix of grants and loans, and have gone on to create almost 250,000 jobs (as of 2017).

- These small grants and loans can be critical to enabling businesses to start successfully and can provide an important lifeline to businesses looking to continue operations.

- New businesses are integral to the success of communities, accounting for high proportions of net new job creation. This funding can be particularly important for Black Americans who start businesses at a slower rate than other groups due to many barriers, chief among them access to funding. This inequality will only get worse with COVID-19.

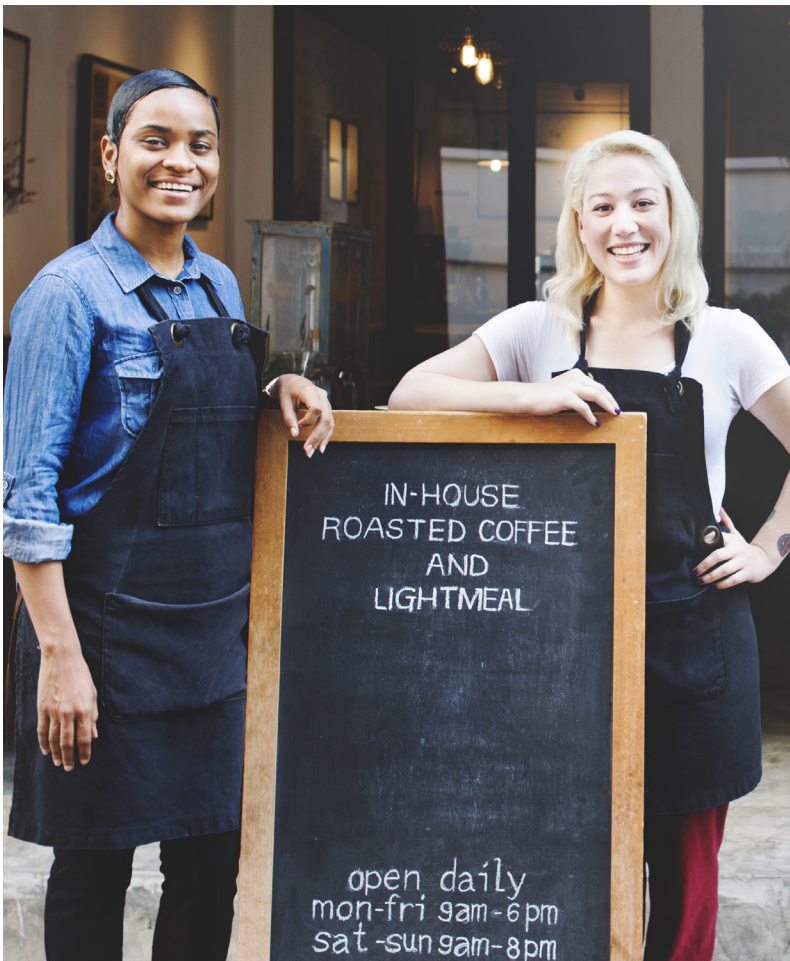
Action:

Cities should work with local philanthropic partners and community leaders to launch a microgrant program that offers small grants (e.g., $1,000-$3,000) to individuals looking to start businesses.

- This can be done successfully with minimal city investment; instead, city officials should use their bully pulpit powers to convene local leaders and galvanize support.

- Cities should consider leveraging CARES Act funding to jumpstart this action if they have not already allocated funds by the end of 2020.

- As the economy starts to recover, many people will think about starting a business, as happened after other recessions. Additionally, this action will be more effective if combined with developing an entrepreneurial ecosystem.



Case Study: Minneapolis, MN – Microgrants

Microgrants was launched in Minneapolis by a private philanthropist over 15 years ago as part of an effort to help individuals achieve financial stability. Microgrants awards grants of around $1000 to jumpstart businesses and cover expenses that would not typically be allowed for traditional loans.

The program, which focuses on Minnesota, awarded $1,200 grants in 2019 to 250 entrepreneurs and small businesses that needed necessary supplies to start or conduct business. An example of a supported business was an entrepreneurial photographer, who booked up within weeks of getting funding to purchase camera equipment. The program partners with local community organizations to develop business plans for entrepreneurs who receive funding and establish clear goals and metrics related to the funding.

One of the main challenges the program has encountered is how to locate and vet applicants. To accomplish this, the team empowered 52 partner agencies that have close ties to the community. These organizations share proposals from residents and are able to share the workload, making it easier to facilitate grants for those who can benefit the most.

This model may be suitable for cities that want to launch a microgrants program. With a small initial investment and staff, a team could similarly leverage community organizations.

How to:

A. Identify local non-profits and philanthropic organizations which could fund and administer the program. The city can help facilitate the creation and initial projects while serving as an integral partner throughout.

- This can be a small pot of money as a pilot program (e.g., $50K, $1K per grant, to offer to 50 individuals)
- If possible, partner with a non-profit which already has expertise. Cities should also consider high net worth individuals and successful entrepreneurs within their communities, who may be willing to sponsor this effort.

B. Determine which industries are underrepresented in your community and are positioned to grow during the recovery. Direct microgrants to new businesses in these sectors.

- Kauffman's "My Sidewalk" program can help with identifying existing resources and which industries have opportunities for growth, as well as speaking with stakeholders in the community to understand gaps

C. Secure funding from a philanthropic or corporate partner. Develop and launch the microgrant program.

D. Create a marketing and outreach campaign to relevant entrepreneurship support groups. Ensure that explicit outreach is done to groups working with disadvantaged communities and communities of color.

E. Track progress from the first cohort and provide technical assistance and support to those individuals (See template in resources)

Benefits:

- Provides support for entrepreneurs looking to start businesses
- Supports local entrepreneurial ecosystem growth by establishing cohorts and facilitating access to technical assistance
- Low-cost action

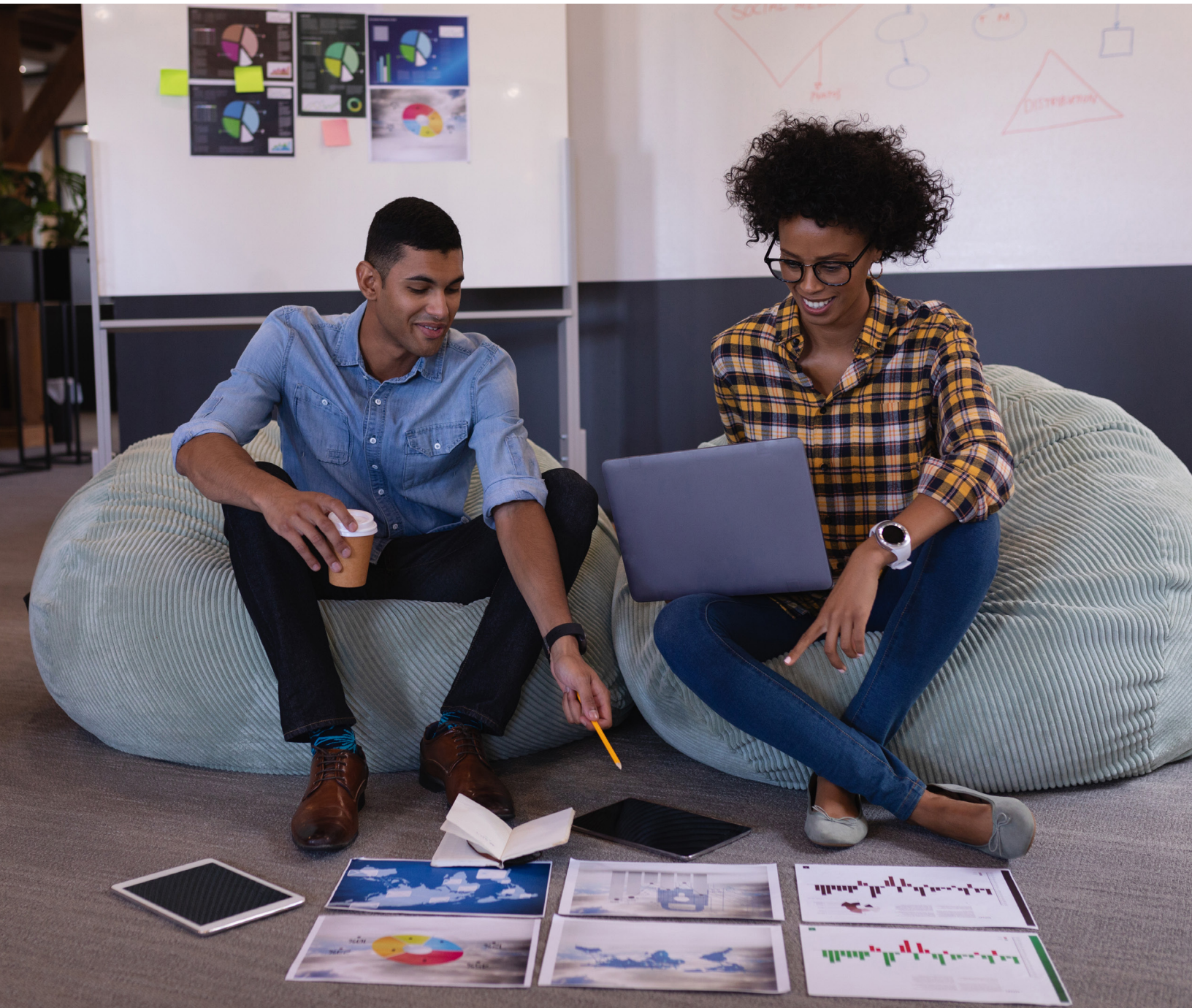
Risks:

- Can by poorly targeted and, without structured business planning and support, many supported businesses will not succeed

Impact: M
Implementation time: S
Cost: L. *This can be launched at a very low cost, since it requires a small allocation (e.g., around $50K-$100K) and can leverage expertise at partner organizations to do a lot of vetting.*

Resources:

- Metrics for success



Action 7: Establish a Midsize Business Support program

Problem:

Many communities offer programs to start businesses, but less support is given to businesses looking to expand.

Access to credit can be difficult, and many large contracts require surety bonds or other guarantees. Yet, businesses with 5-99 employees are critical to the US economy.

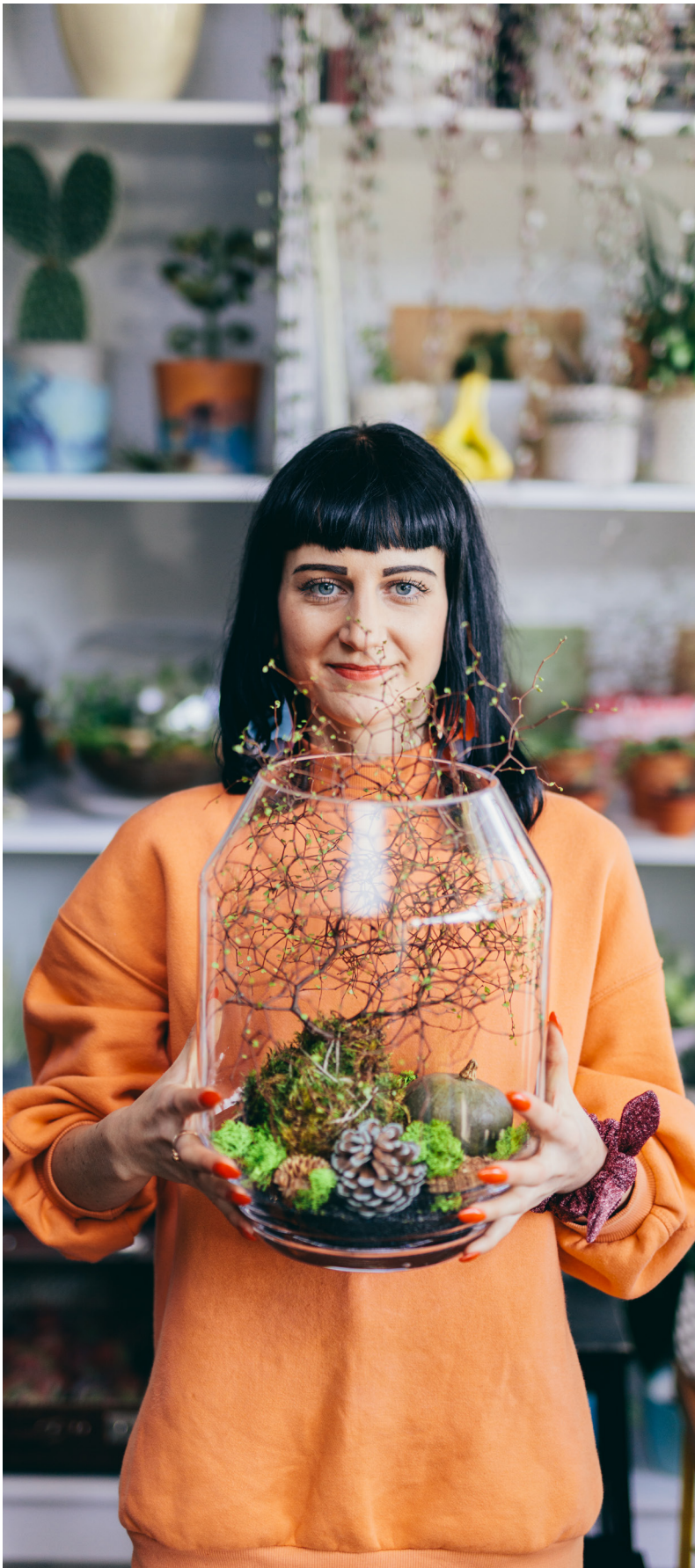
- They account for 29% of all jobs and are often the bedrock of US cities. Supporting these businesses enables them to scale and meet more of the community's needs. In turn, this expansion creates more jobs and keeps more spending local.

- Given the growing concerns of the plight of small businesses and the associated economic and employment risks, providing support to help them maintain and expand operations will be critical. This will also help address unemployment and should be done in conjunction with reskilling programs.

Action:

Cities should provide loans through a government-backed fund to help midsize businesses expand and be able to compete for larger government and enterprise contracts.

Additional access to capital should be provided as part of a broader program that offers guidance for businesses (e.g., through an entrepreneurial ecosystem).



Case Study: San Francisco, CA – Surety Bonds Program

San Francisco created a surety bond program to enable local businesses to compete effectively for government contracts. For local businesses that need funds to compete for government contracts, the city government will guarantee up to 40 percent of the face amount of the bond, or $750,000.

Launched in the mid-1990s, the city started the surety bond program as a pilot program for their international airport expansion project. Based on the positive feedback and success from the pilot, the city established the broader surety bonds program.

The Surety Bonds program was established as a complement to the local business preference program and enables small businesses to compete for government contracts. As long as a business has been deemed eligible, they can apply for the surety bond. All city departments contribute a certain amount of their contracting budget to provide the guarantee for the bonds. Despite concerns about the potential cost of the government having to guarantee loans, only 2 projects with a surety bond have defaulted in the 20+ year history of the program.

Part of this success is due to the associated technical assistance. Most businesses that are receiving support are required to attend the bonding assistance training program. This programming includes assistance for completing bond applications and the pre-bond surety profile, help developing financial statements and establishing internal financial control systems, and how to implement accurate financial reporting tools.

Note : Although the program does not have defined metrics, the attached document highlights what should be considered with implementation. This includes tracking the # of businesses that apply for the program, the number of businesses awarded surety bonds, how many successfully win contracts, and long-term benefits (e.g., if a business is able to compete for other large contracts in the future).

While the San Francisco program focuses on city procurement and government contracting, cities should design programs that assist businesses in contracts with anchor institutions and other large corporations based in your city. Programs can be launched with a focus on government contracting - which may be easier to set parameters for - but with a goal of expanding for all larger contracts in the community.

How to:

A. Meet with local businesses to understand the existing markets and landscape, and identify opportunities for growth.

- Discuss barriers to growth (e.g., why they are not competing for larger contracts, what they would need to be successful)

B. Design program parameters (e.g., maximum loan amount, whether for all government contracts, etc.)

- The program design will vary by local circumstances. Elements to consider include:
  - Maximum loan amount: in some cities, a $50K loan cap will be sufficient to enable businesses to expand and compete for larger contracts. For other places, this may be closer to $250K. During discussions with local businesses, review what would be necessary. Loan terms should be long-term, with low-interest (e.g., 2% over 10+ years)
  - Government vs. private sector contracts: it may be easier to start with government contracting, but ideally this program would also help the businesses to compete for private-sector contracts.

- Determine the eligibility of businesses (easier if linked to a small business preference program)

- Raise funds to cover surety bond guarantees (for public sector contracts). Surety bonds are often required for public sector projects as a promise that the work will be performed. Getting a bond can be challenging for growing or newer companies as it is often contingent on previously performing projects of a similar size. Cities can raise funds for surety bond guarantees by requiring a certain percentage of each department's contracting budget to go towards this.

C. Build oversight and technical assistance capacity (which can be added on to existing technical assistance services). As businesses take out loans, it will be necessary to support them, while ensuring the funds are being used correctly.

- Some businesses may not have applied for any significant loan or financing before. Walking them through this process, and ensuring compliance, will be key.
- This office should also help with bond applications, basic financial controls, and reporting requirements.
- This office does not need to be housed within your city's economic development agency. It may be better housed within an existing city department.

D. Draft program language and propose it to city council and other key stakeholders. (See template in resources)

E. Pilot a small version of the program. The full program could be expensive and will require considerable oversight.

F. Collect learnings from the pilot and launch the broader program.

- Ensure that businesses are paid on-time and that there is sufficient oversight. Some cities require local businesses to be paid within 30 days of contracts.

G. Track action progress and success, and revise as necessary. (See template in resources)

Benefits:

- Enables local businesses to access funds and expand faster.
- Offers flexibility for businesses, particularly if they are applying for larger government or commercial contracts.
- Investments in growing local businesses can provide significant job growth for local communities.

Risks:

- Assume financial risk of supporting loans
- Can be problematic if offered without support programs (e.g., financial counseling, entrepreneurial culture)

Impact: H
Implementation time: M (pilot), L (full program)
Cost: H. *Although the actual cost of the program may be lower (e.g., issuing loans and receiving payback) it will seem high because it requires expenditures each year, even though it will be repaid. If offering loans between $50K - $250K, and assuming several FTE to run the program, assuming it could cost over a million a year even for a smaller program. tise at partner organizations to do a lot of vetting.*

Resources:

- Surety bonds program proposal
- Program evaluation and success metrics

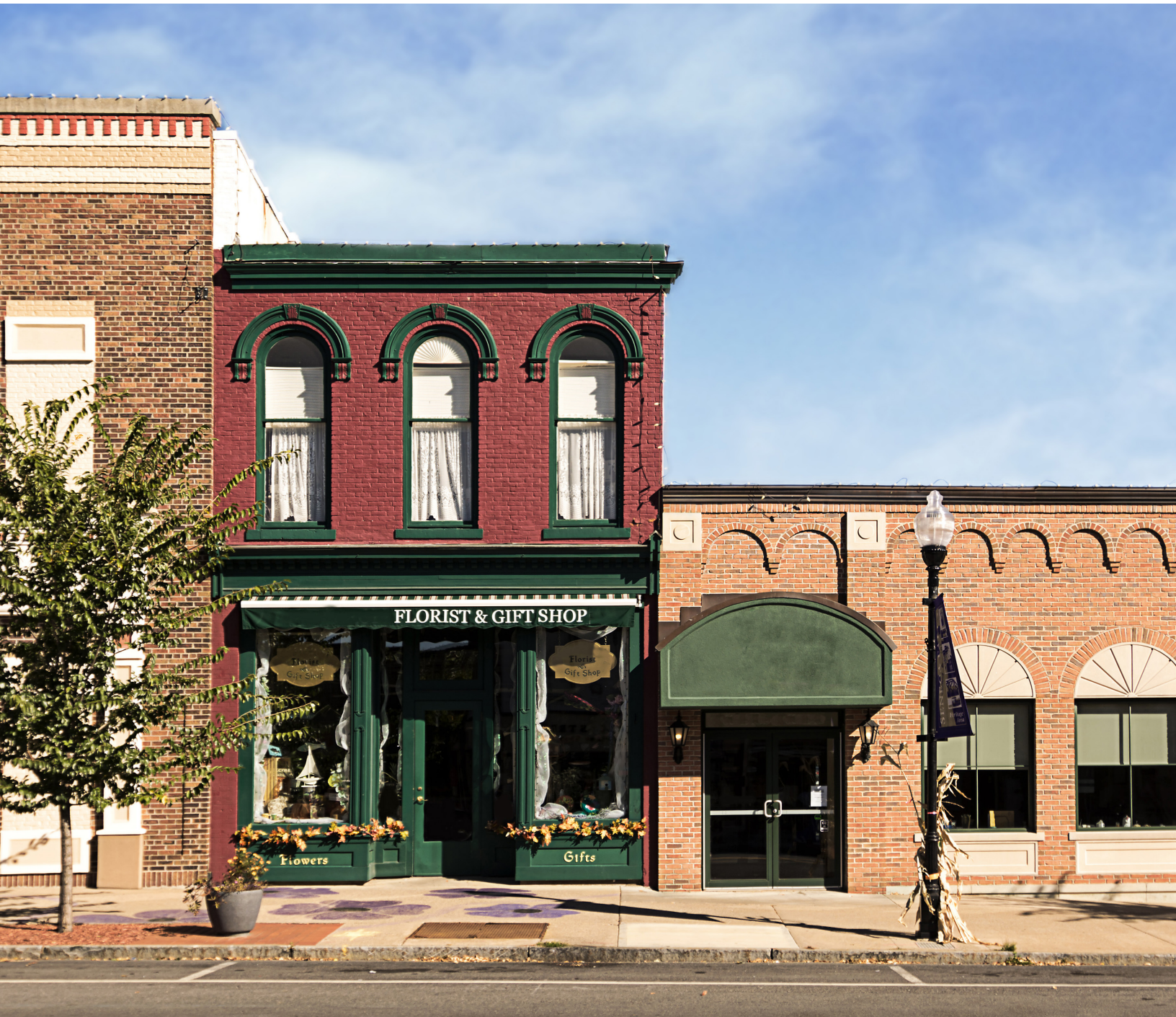
Action 8: Rebuild mainstreet/downtown businesses and increase local tourism

Problem:

The COVID-19 pandemic has dramatically altered tourism and travel across the world. Because of these new circumstances, cities can now capture some of that spend locally.

Action:

Cities/ tourism bureaus should launch a PR and targeted advertising campaign to encourage patronage of local businesses. Disinvested neighborhoods and hard-hit industries should be prioritized.



Case Study: New York City – NYC & Company Local Tourism Campaign

After the 2008 financial crisis, New York City's hospitality industry was facing a crisis. Tourism had declined to record low levels and models accurately predicted that business travel and international visitors would be slow to return. This presented a unique challenge for a city that serves as an international tourist and business hub.

To address this, NYC & Company – the City's destination marketing organization (DMO) – launched a campaign to encourage local tourism. One element was a media campaign to encourage local tourism. The DMO targeted people living in the five boroughs and surrounding neighborhoods to encourage them to visit local attractions and do "staycations" in local hotels. Their communications team also launched promotions of local restaurants and attractions, and showcased examples of New Yorkers enjoying their staycations.

Because of a limited budget, the team focused on earned media. It developed contacts at local TV stations and established recurring Friday programming highlighting new places to explore. The marketing team also enlisted prominent residents to promote local establishments and developed content that it could provide to media organizations and through social media channels. The program was successful; there was an increase in room demand and occupancy rate in spring 2009, which was driven by local residents. The business travel market stayed depressed for at least 12-16 months and it took even longer for international travel to return.

Hotel stays were just one element of the organization's strategy. It also encouraged residents to try local neighborhood restaurants and to explore the many attractions that NYC has to offer.

NYC & Company is currently applying its learnings from the 2008 crisis to develop a roadmap for reopening the City, called All In NYC. The initiative builds on the exploration and staycations promoted in 2008 and prioritizes "Hyperlocal Exploration" , including a Five-Borough Public Art Program. It is also creating "Welcome Back" content spotlights which show how businesses are reopening safely, in an effort to restore consumer confidence.

How to:

A. Identify local communities that have disposable income (e.g., suburbs, surrounding regions, and states)

B. Try to bring on board a local digital marketing agency, which might be willing to work for free/ discounted in exchange for local brand recognition

C. Brainstorm marketing campaigns to encourage local "stay-cations" and short getaways. Focus on your audience's needs and wants and structure the campaign around 5 questions: "what, who, why, where, and when"

- Develop a content plan, which will appeal to your target audience's needs and wants
- Include a focus on less obvious attractions and neighborhoods. These can include walking tours of famous places (e.g., history, civil rights), visits to ethnic restaurants, and shops that offer local artisan goods
- Develop creative ways to tell local stories

D. Launch the campaign with dedicated funding

- Focus all marketing spend on mobile, social media

- "Earn" (do not buy) time on regional publications and media. Try to bring on board a local PR agency, or former journalist with experience pitching stories to the media (and not just writing press releases). Again, negotiate a discount in exchange for local brand recognition and/or access to local business development opportunities

- Attend virtual (or in-person) community gatherings to offer suggestions for safe ways to "explore your city"

- Include a "featured neighborhood" of the week/month, with suggested restaurants, attractions, etc.

- Create a list of top restaurants by cuisine for each neighborhood in the city

    - Work with local business leaders to offer incentives to residents who live within a certain distance

E. Track reach, engagement and influence, and revise tactics as necessary.

Benefits:

- Facilitates additional spending at local businesses during a time when people are not traveling as much

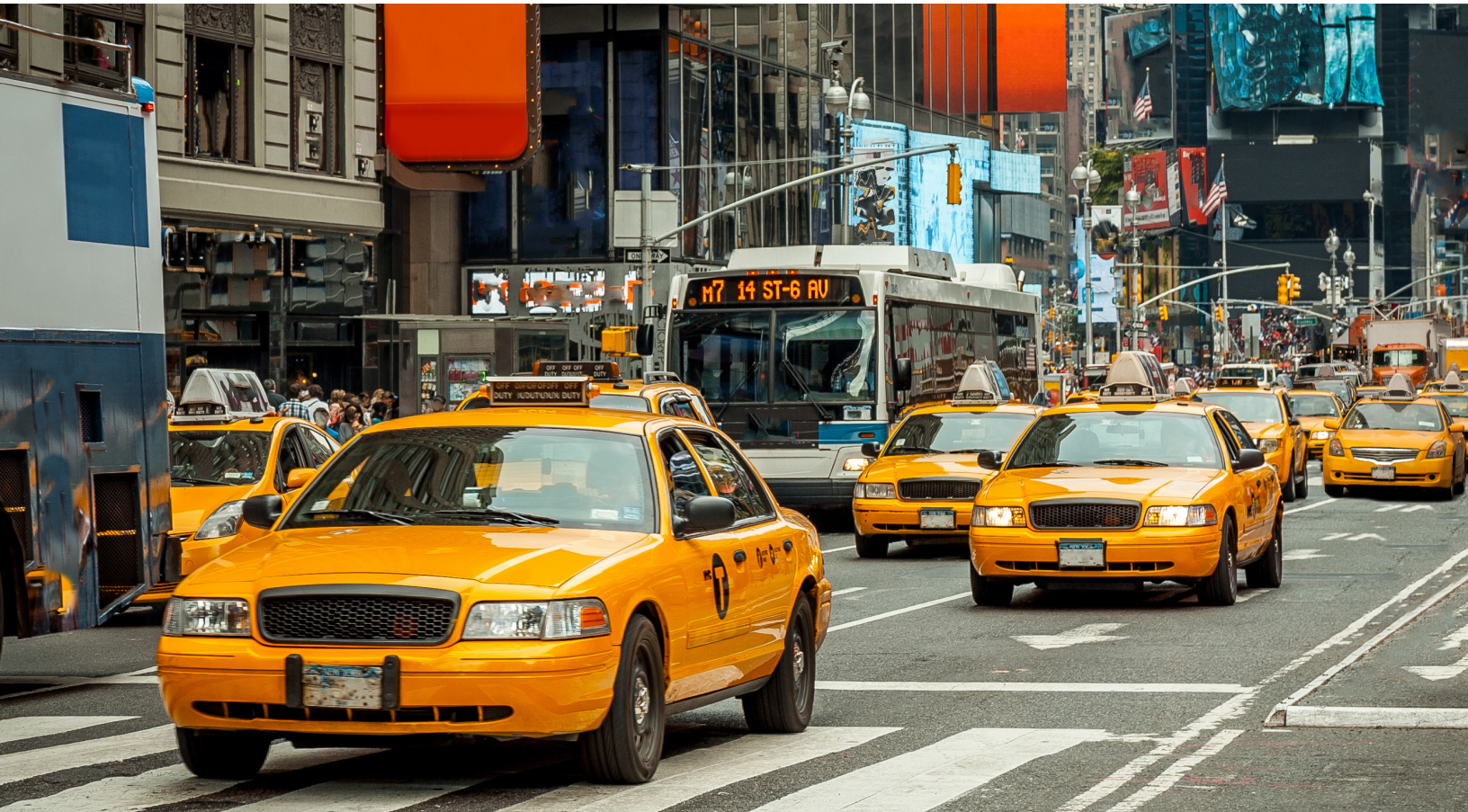
Risks:

- Spending will just be redistributed within the city, rather than be additional
- Many city-backed marketing campaigns are poorly targeted, executed or measured

Impact: M
Implementation time: S
Cost: L. *This primarily is leveraging existing media and advertising resources to promote local neighborhoods.*

Resources:

- NYC & Company "All in NYC" roadmap



Action 9: Issue municipal bonds to offer community loans

Problem:

Access to capital is one of the biggest challenges facing low-income people and communities of color. This problem is particularly acute for minority-owned businesses, which face greater challenges accessing capital than white-owned businesses.

- It also is a problem for people of color looking to obtain mortgages and grow wealth. Black Americans are denied loans at a disproportionately higher rate with some research showing they are denied at twice the rate of white Americans.
- Current criteria for issuing loans include determining if people in the applicant's social networks pay back loans on-time. Even when people of color are granted mortgages, they often end up paying more than their white peers.
- This impacts their ability to start businesses and obtain mortgages to buy homes and build wealth. And banks are hesitant to issue loans to small businesses without capital and individuals without an established credit history.

Action:

Cities should consider issuing bonds for the explicit purpose of backing and facilitating access loans for local businesses and mortgages for people who would otherwise not have access to financing.

- By issuing municipal bonds, cities could bring significant capital to be deployed directly to residents and businesses, using objective scoring driven by the city's policy goals.
- While cities are under enormous financial pressure which makes the issuance of additional bonds challenging, research has shown that increased spending during a recession is the most effective way to rebound.
- Cities can either issue the loans directly or work with small local banks or CDFIs to do so. Cities will have to be cautious with implementation.
- Financial counseling will be necessary to ensure that accessing additional funds is right based on each individual's circumstances, and a city may not have the requisite financial expertise to implement the program.

How to:

Although a model doesn't yet exist for this program, this action draws on a proposal for A Homestead Act for the 21st Century by Professor Mehrsa Baradaran from University California at Irvine. Based on this proposal, cities should follow the steps below:

A. Evaluate needs in disinvested communities

- Host community forums and survey people who would want to start a business with available funding
- This outreach must focus on low-income and communities of color.

B. Determine how to issue loans to companies

- Cities can directly issue the loans, but this will require significant financial expertise.
- Alternatively, cities can work with local banks and financial institutions (e.g., Black-owned banks, credit unions) and provide backing for loans to be issued to low-income and communities of color based on relevant criteria.
- Neither model means that cities or banks should issue risky loans. Instead, they can prioritize criteria that are indicators of success (e.g., sound business plan, identified service gaps in communities), over ones that often cause Black and other minority-owned businesses to be rejected for funding at higher rates (e.g., lack of credit history).

C. Explore potential partners for action to maximize impact and minimize risk

- Many philanthropic partners are dedicated to increasing access to capital for minority-owned businesses. Some may be willing to match funds.
- Minimize risk by seeing if local non-profits, education institutions, community leaders, and businesses will serve as guarantors on loans.

D. Determine criteria for issuing loans to businesses and individuals

- Do not use an applicant's social network to determine loan eligibility. Instead, focus on non-discriminatory factors (e.g., history of paying bills on-time, strength of business plan).
- Engage non-profits, CDFIs, and other community-based organizations to identify gaps in traditional lending sources.

E. Launch pilot with alternative funding source (e.g., not municipal bond) to demonstrate effectiveness of loan offerings

- Given the unique nature of offering loans based on a separate set of criteria, a city should launch a smaller pilot (e.g., loans to 5-10 businesses based on the new scoring criteria) to demonstrate success.

F. Consider type of bond issuance

- Although revenue bonds, tied to businesses' potential revenue, may make sense given the bond's purpose, cities should decide what type of bond issuance (e.g., general obligation bond) makes the most sense given their unique financial circumstances.
- Review and follow the rules set out by the Municipal Securities Rulemaking Board.

Note: these rules are relevant for all municipal bond issuances.

G. Work with city council to obtain approval for bond issuance

- It will be critical to get your city council's backing for this project. Using researched alternative criteria should not lead to a lower default rate, but there is always inherent risk when issuing loans. Having the support of your City Council and Mayor for this will ensure that you are not criticized in the short-term if there are loan repayment issues.

- Leverage pilot findings to show the potential impact of the full bond issuance.

- This bond issuance can help facilitate access to funding for several populations, including:

    - Low-income, Black, and other residents of color who need homeowner loans
    - Mid-size business support loans (as proposed in this tactical guide)

Note: local circumstances will dictate how loans can be issued. Given states often prevent cities from explicitly considering race, many will want to prioritize residents based on income tracts, or other relevant measures (e.g., access to capital) that will help the city's most vulnerable residents.

H. Issue bonds and launch a marketing campaign to make communities aware of the program and garner interest, with a particular focus on low-income and communities of color.

- Leverage community partners, nonprofits active in these communities, and other relevant community organizations.

- Offer information on this program at community gatherings (e.g., entrepreneurship meetups, financial empowerment center 1-1 meetings)

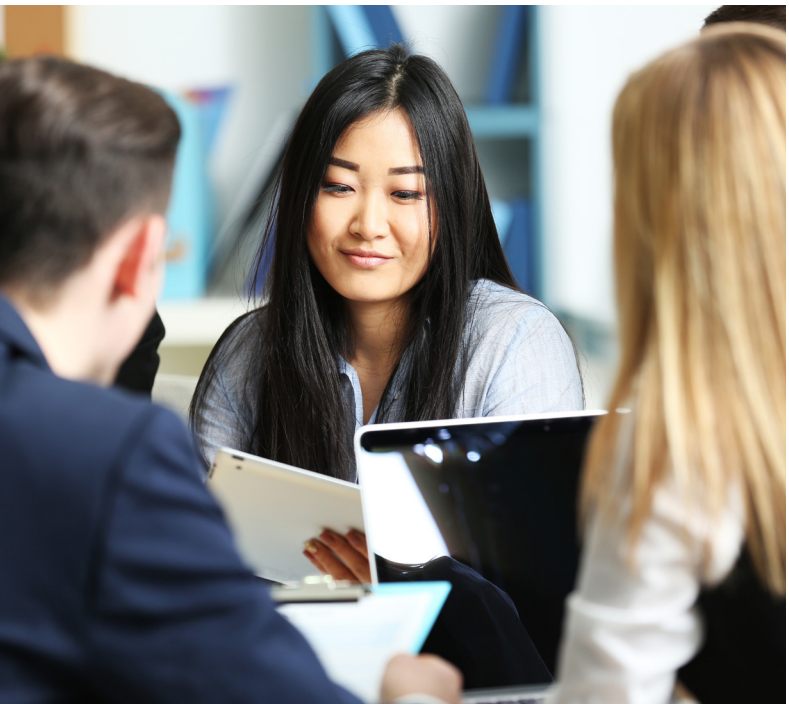
I. Track progress and revise program as necessary.

Benefits:

- Provides capital to people who may not be able to receive it (and at lower rates)
- Stimulates demand in the local economy (e.g., providing capital to residents to purchase homes)

Risks:

- Requires financial expertise to implement
- Assumes additional financial risk during a period of economic crisis



Impact: H
Implementation time: L
Cost: H. *Issuing the loans will require money to be set aside for the program, although repayment should enable the city to recapture investment. Some FTE will need to run the program, though vetting of loans should be done by professionals.*

Resources:

- A Homestead Act for the 21st Century, by Professor Mehrsa Baradaran, proposes to address racial disparities by making significant government investment to counteract decades of racist discrimination.

Although the paper proposes a federal intervention, it proposes taking abandoned homes and putting them into a land trust (note: land-use powers action) and then providing funding to help eligible residents move into these communities. The paper provides helpful context on the deliberate policies implemented by the government that have harmed low-income communities, particularly Black Americans.

- Alternative data to consider for underwriting. A report from the National Consumer Law Center shared in its testimony to Congress.
- Program evaluation and success metrics.

SECTION 3: TACKLE UNEMPLOYMENT

Action 10: Create a skills adjacency and reskilling program

Problem:

The post-COVID employment landscape will look different than it did beforehand. As of July 9, the US economy had suffered a net loss of 14.7 million jobs since COVID-19 began. When the economy reopens, certain sectors will return faster and stronger than others (which may never return).

- Jobs in hospitality may be slow to recover - if they ever do - and existing trends (e.g., automation) will continue to harm employment for many sectors.

- Despite the challenges that will come with a new job landscape, jobs will still exist and cities can facilitate access to them. Although much attention is paid to software development and coding, there are several other ways to skill - or upskill - workers so that they will be able to assume different roles that offer better prospects.

- Cities will want to design programs that consider their local employment circumstances and engage local partners. Skills adjacency training, in particular, enables workers who have relevant knowledge and/or skills from a different industry to receive minimal training to serve in new roles within in-demand industries (e.g., a port worker being trained to service new machines at the port).

- The pace of job change is unparalleled in history. A recent study estimated that it is possible up to 375 million workers in the world (~14% of the global workforce) will need to switch job categories.

Action:

Cities need to enable workers who lose their jobs in industries with low demand to transition to jobs in high-demand industries that pay a living wage and above. Cities should develop a skills adjacency and reskilling program that focuses on relevant skills with a local partner (e.g., unions, education institutions, anchor businesses, and/or the State).

- This workforce programming must focus on in-demand industries, selected based on local business input and job availability.

Case Study: California – Labor Development Board - High Road Training Partnerships

The California Workforce Development Board, with technical assistance from the UC Berkeley and UCLA Labor Centers, and the COWS research center at the University of Wisconsin, Madison, implemented an initiative to magnify, scale, and expand eight High Road Training Partnerships (HRTPs) as a model for workforce and economic development in partnership with area businesses, unions and community groups.

The initiative provides technical assistance and project funding for HRTPs to enhance their industry-led problem solving, upskilling, and training work, focusing on racial equity, low-carbon climate goals, and job quality.

It reaches across several sectors including hospitality, health care, building services, construction, transit, freight and goods movement, public services, and water and utilities, and advances existing and new industry partnerships as they identify needs and opportunities for workers and industries, solve for those needs through a partnership model, and craft real-time, worker-centered training to upskill and cross-train workers for career progression, in order to prepare diverse new entrants for quality jobs and increase competitiveness for employers.

HRTPs are effective because they are demand-driven and industry-led, deriving analysis and solutions in real-time from the workers and managers who understand the industry. Rather than the traditional approach to workforce development - which has workers cycling through established courses focused on skills that may not be relevant - the HRTPs bring together industry leaders, unions and worker centers to understand what skills and supports are needed, develop solutions, and "pull in" workforce development and educational institutions.

This key principle - that industry partnership, including management and worker wisdom, is essential - enables the HRTPs to dynamically adapt, solve problems, and meet demand. This is especially critical during times of heightened economic uncertainty like the COVID crisis and recovery, when the needs and capacities of workers, employers, and communities are rapidly evolving.

One long-standing HRTP - the Education Fund (SEIU-UHW and Joint Employer Education Fund) – focuses on upskilling for health care workers. The program is available for union members and provides training through various outlets including its "Advance Your Career (AYC)" initiative, which provides reimbursement for relevant programs that enable workers to be promoted.

The results are promising - 93% of participants graduate and graduates have a 40% higher internal job mobility, with a 36% average wage increase. Additionally, the program is over 80% women and 70% people of color.

Note: While this initiative was established by a state workforce board, cities can replicate this model by supporting the work of existing HRTPs and the development of new HRTPs. Depending on capacity, cities can start with one key sector and expand as resources allow.

Look to see if there are public and private sector unions and employers who are doing HRTP work in other areas of the country and support expansion of their work to your city; *identify industries where there is growing demand and partner with local unions, anchor businesses, education institutions, and the workforce system to build a high road partnership.*

Additional examples

CityBuild Academy in San Francisco is an 18-week pre-apprenticeship and construction skills training program. The program is implemented in partnership with local businesses, unions, and other community partners. Participants learn foundational skills and earn industry-recognized certificates. Over 1,000 San Francisco residents have graduated from CityBuild Academy since 2006 (as of 2019). Almost 90% found employment. The program costs ~$1M a year.

How to:

A. Analyze projected employment and economic data to understand jobs that are most at-risk. This should include looking at industries that are suffering due to COVID (e.g., hospitality), talking with local business leaders to understand what they see foresee the next 12-24 months looking like, and looking at relevant State forecast data

- Bloomberg Associates' tools are available to help cities access data on how COVID has impacted their economy.
- Forecast which industries and occupations will recover, and which will continue to grow post-COVID.
- Assess which industries are more likely to pay strong living wages. The Brookings Institute Opportunities Industries Report can help cities with this.

B. Review potential skills training program models (e.g., California's HRTPs, San Francisco's CityBuild) and determine, based on local assets, which makes the most sense for the community

- Work with private sector employers to understand where jobs are needed within each industry.
- Outline the skills pathways to transition residents from jobs that are disappearing to jobs that will be in demand. It is essential to work with unions and businesses to accomplish this. Burning Glass and EMSI can help a city do this as well.

Note : This action will only be successful if businesses are a part of this process. The jobs created by these programs must be in areas with high demand and job availability.

C. Select a local or regional education institution or non-profit as a partner for a pilot.

- To be most effective, this should be focused on one key industry and providing a unique set of skills.
- Identify a group of employees in a relevant industry that will not see as many jobs return post-COVID. This will vary based on local economic circumstances.
- Work with several (or one larger) businesses that need employees to confirm the desire for employees in specific fields. Obtain agreements that they will attempt to hire from this program (and link this to your incentives program).

D. Design course materials with an education institution, and with business input, oversight, and approval

- The courses should be relevant to the skills required for these jobs.
    - Engage unions in this entire process - they will often be aware of the skills needed for these jobs and help inform what skills are actually relevant. Often, the "skills" listed on a job listing are not as valuable as the skills mentioned by those who have held these positions.

- E.g., for construction: tool and material identification, introduction to framing, etc.

- If possible, have courses that also provide credits at a local education institution

- The estimated time to completion will vary by industry, although you can expect courses to be at least 6 weeks if they include certifications. They can be 2-3 times this length if they involve more technical skills.

- Be prepared to have these courses evolve. This will only be successful if the program is dynamic and suits the skills and needs of the present moment.

E. Determine if funding can be provided for the program

- Consider how to cover the costs of courses (e.g., split with businesses, education institutions, etc.)

- Cover relevant licensing fees

F. Remove barriers for low-income employees and incorporate wrap-around services

- Offer reimbursement for transportation and food

- Wrap-around services should include teaching participants about what to expect in their job (e.g., workplace behavior, attire, etc.), how to apply for a job, etc.

G. Review feedback from the pilot and launch program

- Launch for a specific industry with high demand jobs

Note: this will be most successful if you focus on a single, in-demand industry first and target workers from a relevant industry that is seeing declining employment. Trying to do this for multiple industries at once is not recommended.

Benefits:

- Enables unemployed, underemployed and at-risk residents to access jobs in sectors which are seeing growth
- Ensures that people's skills better match market demand (e.g., work with local businesses to identify needs)

Risks:

- Not valuable if reskilling is not done to focus on in-demand jobs
- Lost wages (e.g., time in program not working) can be challenging for residents.

Impact: H
Implementation time: M
Cost: L. *Your city should leverage non-profit and education partners to administer the training in collaboration with local businesses and unions. Some funding will be required to help set-up and advertise the training program. Depending on your specific circumstances, there may be funding requirements for the training itself too.*

Resources:

- For additional information and technical assistance on HRTPs, see the UC Berkeley Labor Center High Road Training Partnership Project and the California Workforce Development Board HRTP Initiative
- Program evaluation and success metrics

Action 11: Implement a financial counseling and work assistance program

Problem:

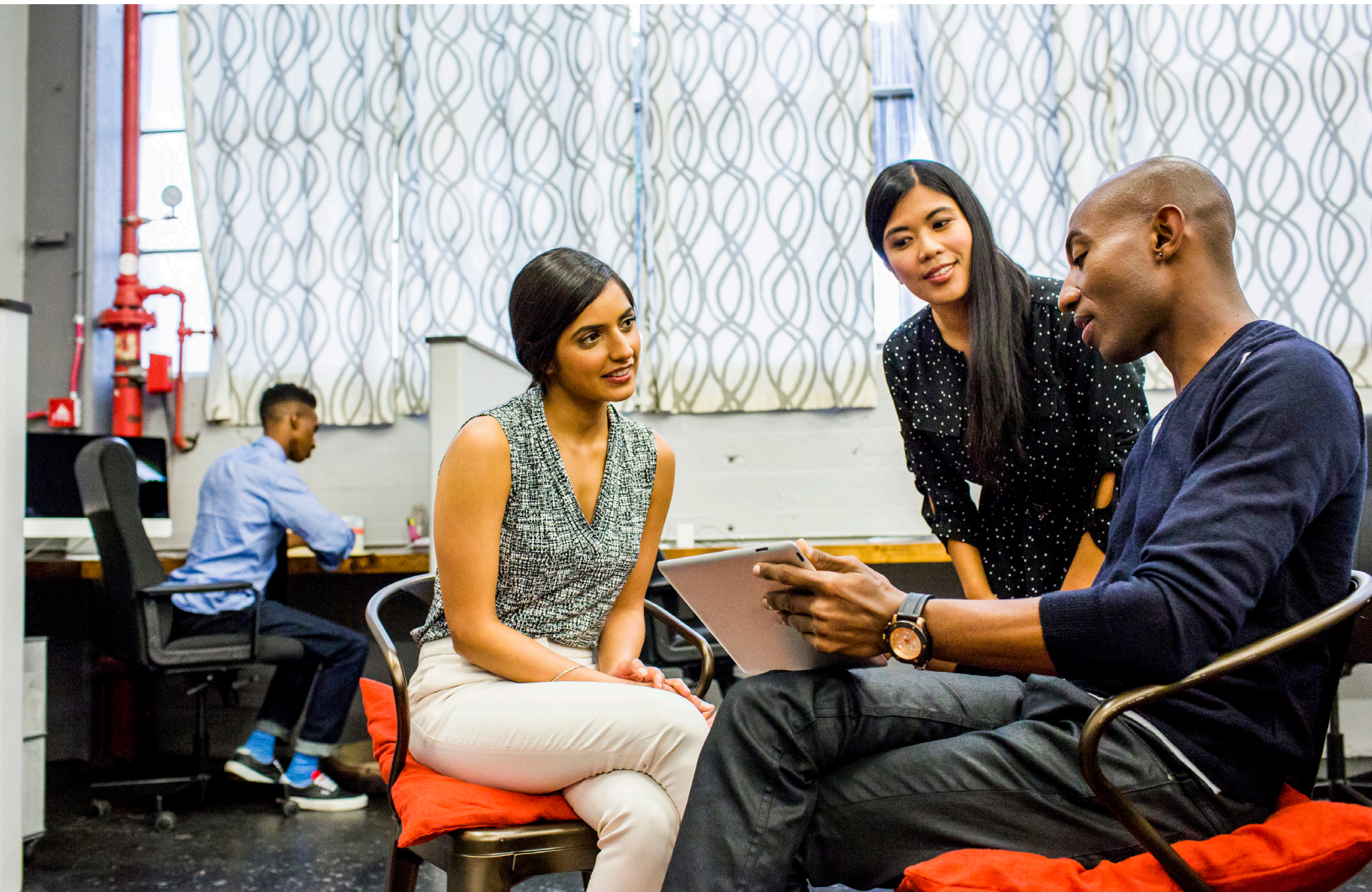
COVID-19 is wreaking havoc on many peoples' lives. In addition to the high levels of unemployment, financial planning has become more challenging given the uncertainty of markets and asset values. Evaluating all the available sources of capital -- and how best to leverage them -- is daunting. In addition to financial counseling, services can include examining resumes to identify skillsets.

A financial counseling and work assistance program is critical for cities to support an equitable recovery. Studies have identified a significant gap in financial literacy between Black and white Americans.

Equally important, those who have more financial literacy are more likely "to plan and save for retirement, have non-retirement savings and better manage their debt." To work towards a goal of equity, this wraparound service is key to helping lift low-income people and communities of color, and lowering barriers for small business owners and entrepreneurs.

Action:

Cities should develop a partnership to provide a free 1-1 financial counseling program for local residents. The counseling should be integrated into other public services (e.g., assistance when applying for a microgrant).



Case Study: Nashville, TN – Financial Empowerment Center

The Nashville Financial Empowerment Center (FEC) operates under a simple premise: that an "increase in the economic well-being of any Nashvillian improves the overall economic climate of the whole city." Founded in 2013, the Nashville FEC is a free 1-1 counseling program for all residents in Nashville provided by the government and United Way. Counselors will help with a variety of personal finance issues -- such as how to negotiate debt, what to look for in a loan, or even just general financial literacy.

The City recognized the need to establish the center because there was a relative lack of financial empowerment services in the City. After researching nonprofits that work in the space, it settled on a partnership with United Way, given the organization's visibility and track record in this space. Nashville chose to place the FEC within the Mayor's office to ensure prominence and attention.

It has since established an office dedicated to implementing financial counseling and integrating it with other government and social services (e.g., affordable housing). Nashville set aside ~$250,000 per year to cover the shared costs with United Way.

As the FEC was growing, Nashville made a dedicated effort to attract and develop partnerships. The City hosted a summit with existing and prospective partners in the community to discuss how best to provide counseling, and identify additional opportunities for collaboration.

They used these partners to better understand residents' needs (e.g., debt reduction, increasing savings) and how the center could best reach and support residents. These same partners provide ongoing feedback to the FEC to help them continually improve their offerings. For example, they have prioritized hiring counselors who speak Spanish as a primary or secondary language after they noticed that Spanish was the main language of 12.4% of clients.

Since it was launched in 2013, the Center has helped 7,700 clients reduce their debt by $14.2 million and increase their savings by $2.9 million. It has made a concerted effort to reach out and serve low-income and people of color. 54% of FEC clients identified as African American/Black and 21.2% identified as Latino/Latina.

Nearly 18% had not completed high school and 61.8% of clients had very low incomes (relative to the median income). The FEC also conducted targeted outreach to certain sectors of the population (e.g., low-wage workers, those seeking assistance with food, utility, etc.) to determine how the center could be helpful.

How to:

A. Research potential partners (e.g., education institutions, non-profits, etc.) that are present in the community.

- These partners should have some experience either with financial planning (e.g., workers in a school's financial aid office) or have already worked in the community.
- Identify non-profits that work in this space (e.g., United Way) and have relevant expertise

B. Understand the needs in the local community

- Reach out to community leaders to determine who would take advantage of this service.

C. Design the program

- Discuss with local banks and financial institutions (especially those serving low-income and communities of color) and ask for their assistance (e.g. offering the services to anyone reaching out about a loan, or facing foreclosures and other financial hardships)

- Reach out to potential partners and propose collaborations. Some non-profits may be willing to offer funding or expertise.
    - Partners can provide funding, expertise, and/or community reach and engagement. All are useful and should be sought.
    - A successful partnership requires having these non-profits committed to this work.
    - Partners will be necessary to help train counselors, promote the service, etc.
- Determine where program should be housed
    - This will be dependent on which partners are involved. Cities may want to house the program in the mayor's office, keep it as a standalone department, or have a non-profit take the lead and the city provide funding and support.
- Offer 1-1 appointments and have call/email options
    - A group class is much less effective, as people are hesitant to discuss personal financial circumstances in this format.
- Draft general information sheets on handling financial hardships
    - Have this readily available (e.g., on website, at local financial institutions) so that people can learn about the services provided
    - This should include key topics that the program can help with (e.g., debt reduction, improving credit score, increasing savings)

D. Launch program with active outreach and media campaigns in local communities

- Promote at community meetings (e.g., religious services)
- Ensure that banks and financial institutions provide information about the service
- Hire staff. Size depends on % of the population that is low-income, but assume at least 2 FTE for the program.
    - Staff must be trained professionals with experience in financial counseling.
    - Make sure to have clear training standards for counselors.
- Reach out proactively to small business owners and low-income individuals (e.g., those on SNAP) to offer the service

E. Track progress/program usage and revise as necessary (See template in resources)

Note : metrics need to be tied to improvement in residents' lives, not merely visits/time spent (e.g., $$ debt reduced).

Benefits:

- Enables residents to make more informed economic decisions
- Offers additional guidance and pathways for careers
- Builds residents' ability to gain access to credit

Risks:

- Assumes risk of providing financial guidance
- Residents do not use the service and/or are unaware of the service

Impact: L
Implementation time: S
Cost: L. *Non-profit partners can take the lead on offering a lot of the programming, so costs should be minimal to administer.*

Resources:

- Program evaluation and success metrics