



LIIF Policy Update March 24, 2020

LIIF Shares Federal Policy Recommendations to Address Immediate COVID-19 Challenges

As communities across the country respond to the rapidly evolving challenges presented by COVID-19, [LIIF is taking direct and immediate action to keep our staff, borrowers, partners and communities safe](#). We are also closely following the federal response to this pandemic, which will inevitably reshape the economy and our communities for years to come.

Although the challenges presented by COVID-19 are unique to this public health crisis, there are similarities to the 2008 financial crisis and ensuing economic recession that should put policymakers and advocates on high alert as large economic stimulus packages are crafted. The response to the 2008 financial crisis has left lasting legacies of racial inequity and income inequality that are only further illuminated by the disproportionate challenges that certain communities face in the current pandemic.

The nation's response to this current crisis presents a critical opportunity to invest in programs and policies that create the foundation for a more racially equitable and sustainable economy moving forward. Acknowledging the importance of addressing these inequities from the outset, LIIF is urging all people to [reject harmful dialogue](#) that stigmatizes or scapegoats groups of people in relation to the virus. LIIF will also continue to consider and address critical questions around social justice and racial equity as we respond to the needs of our borrowers and communities. Stay tuned to the LIIF blog, [Just Good Capital](#), for future pieces reflecting on the need for equitable policies in response to this public health crisis.

Given the current emergency situation and need to respond immediately to support families and communities, LIIF is focused on ensuring the federal response to COVID-19 allocates resources efficiently and effectively to fully address the needs of our partners and communities. We urge Congress to immediately take the following steps to support CDFIs, our borrowers, and the communities we serve.

CDFI Fund

- **Provide \$1 billion in emergency funding to support the CDFI Fund.** Requirements for matching funds, limitations on awards, and deployment deadlines should be waived to ensure prompt availability of these funds. CDFIs need access to emergency resources that can be flexibly deployed to support borrower needs, including retaining staff, deferring loan payments, and purchasing cleaning supplies during this public health crisis.
- **Provide an additional \$1.5 billion in emergency New Markets Tax Credits (NMTC)** to support community facilities in low-income communities. NMTCs have a strong track record in financing community-based health care clinics and small businesses, which will be particularly critical resources throughout the crisis.
- **Provide \$2.5 billion for the Capital Magnet Fund (CMF),** which provides flexible resources for local housing and community development needs. Reporting deadlines and matching requirements should be temporarily waived to ensure quick use of funds.

Housing Programs

- **Provide \$15.5 billion for emergency shelter and housing** through McKinney-Vento Emergency Solutions Grants (ESG) and short-term rental assistance. There is an urgent and immediate need to provide resources to house the nation's homeless population and prevent the spread of COVID-19 among one of the most vulnerable populations. Eligibility rules and restrictions should be waived to ensure flexibility and speed.
- **Provide \$35 billion for the Community Development Block Grant (CDBG) Program**, which provides flexible resources for states and localities to address public health and safety needs. These funds should include waivers of caps and other requirements to ensure resources are immediately available and flexible to respond to the unique situations across the country.
- **Provide \$10 billion for the HOME Program** to ensure state and local governments have access to flexible resources targeted at emergency rental assistance and operating costs, with the goal of preserving and producing affordable homes.
- **Waive administrative requirements at HUD and the IRS** on eligibility, compliance, and timing requirements that may delay immediate utilization of federally assisted housing. This includes the [ACTION Campaign recommendations](#) to provide timing relief and certainty to the Low Income Housing Tax Credit program, which finances more than 90 percent of all affordable rental housing.
- **Provide emergency funds for public housing authorities (PHAs) and other HUD housing providers** to equip them with the resources necessary to respond to the pandemic. This should include flexible resources to cover things like tenant rent payments and purchase cleaning supplies.

Early Care and Education (ECE)

- **Provide an additional \$50 billion in emergency funding for child care providers** to support ongoing operations of center-based and home-based providers. Include flexibilities to allow this funding to meet local needs, including (but not limited to):
 - Paying providers to cover their ongoing operating costs when they are closed.
 - Eliminating copayments or tuition for families during this crisis and ensuring that providers are still paid the full amount for that enrolled slot.
 - Finding and paying for substitute educators, where needed and available.
 - Purchasing materials for providers that cannot afford or access supplies on their own.
 - Providing training and medical support for child care providers on health and safety practices in response to the virus.
- **Clarify that Child Care and Development Block Grant (CCDBG) resources can be used for ECE facility needs that address health and safety issues.**

Education

- **Provide emergency funding for K-12 programs, including charter schools**, to respond to critical needs during the crisis, including accessing technology for remote learning and purchasing emergency cleaning supplies.
- **Provide temporary waivers for charter schools that may be unable to meet certain requirements during the crisis**, such as standardized test requirements or construction delays that halt development.

In addition to the above programmatic needs, LIIF urges Congress to **enact a direct payment program throughout the duration of the crisis to ensure households have resources to meet the unexpected costs associated with the current public health crisis.** This cash assistance will provide households financial stability throughout the pandemic, and will also ease the eventual transition back to a functioning economy if people are able to maintain their housing, child care, transportation, support networks, and other resources during this disruption to every day life.

For questions or comments, please contact:

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