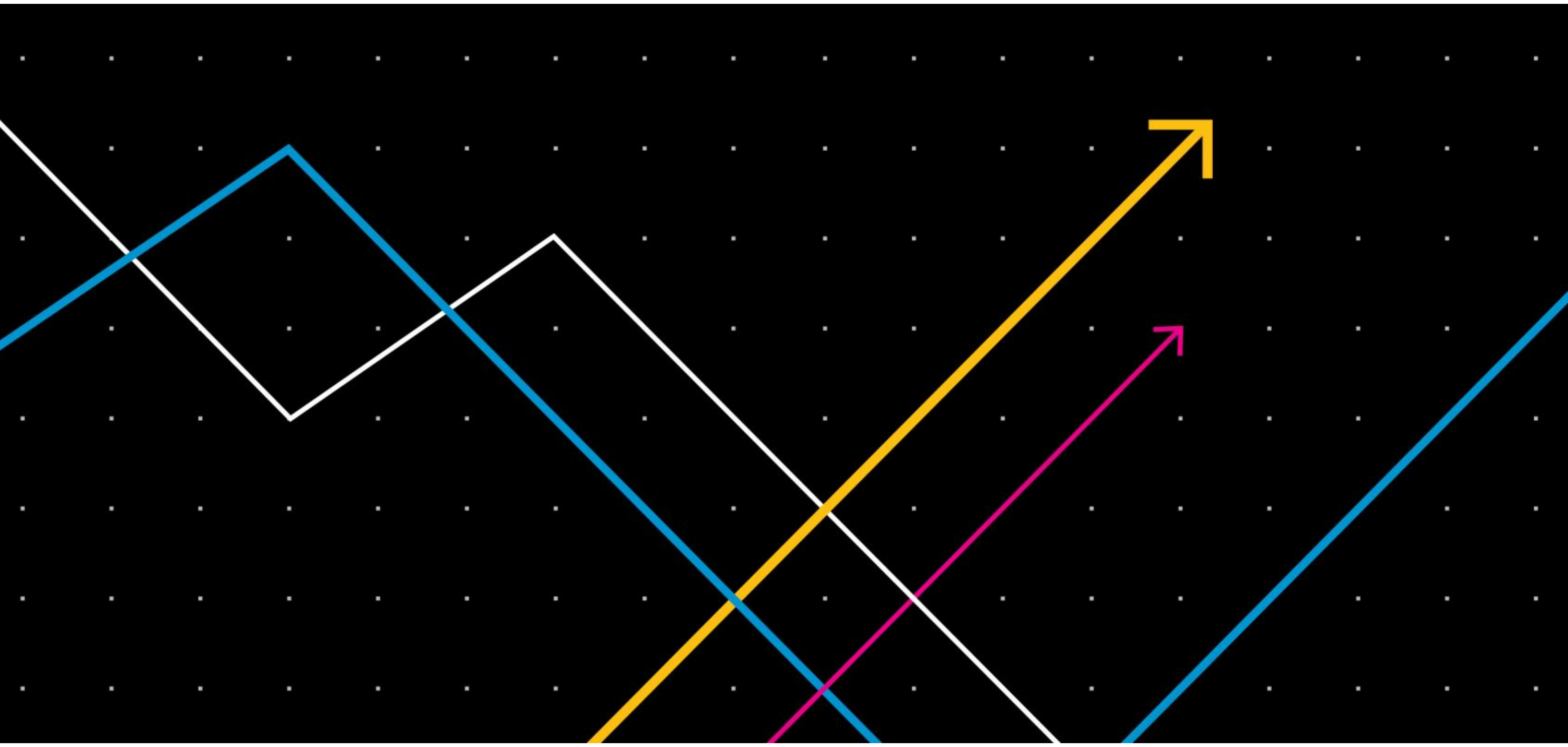

RESEARCH REPORT

Equity Trade-Offs in the Design of COVID-19 Emergency Assistance

Lessons from Local Rental and Small-Business Relief Programs

Emily Bramhall *Martha Fedorowicz* *Megan Randall*

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Executive Summary

As state and local governments implemented stay-at-home orders to reduce the spread of the COVID-19 virus in March and April 2020, policymakers at all levels of government mounted emergency relief programs, attempting not only to mitigate the impending health and economic crisis, but also to do so equitably. In interviews with program designers across the US, we learned that emergency assistance program designers had a common understanding of equity in resource distribution but put that understanding into practice in different ways:

- Program designers employed a common and broad definition of equity—delivering assistance to those who need it most.
- Within this definition of equity, program designers adopted varying criteria for determining need.
- Across programs, program designers grappled with trade-offs when determining how to design assistance programs and distribute funds. Most often, they described having to balance competing priorities at every stage of program design: speed versus targeting in benefit distribution, targeting versus accessibility in the application process, and local need versus federal funding constraints in program financing.

This report explores how Arlington County, Virginia, as well as the cities of Chicago, Illinois; Cleveland, Ohio; Kansas City, Missouri; and Louisville, Kentucky, implemented emergency relief programs for renters and small-business owners, specifically how they defined equity and sought to reach priority populations. We conducted six interviews with emergency assistance program representatives—three rental assistance program designers and three business assistance program designers.

By elevating trade-offs and exploring how one set of local program leaders responded to competing priorities in their own communities, we hope to surface lessons that can inform both future rounds of federal relief policy and future iterations of local emergency assistance programs for policymakers across all levels of government. We conclude by offering recommendations for federal policymakers drawn from the insights our six interviewees shared on the supports they need to minimize trade-offs and maximize access to aid for populations most vulnerable to an emergency: provide more data on where federal assistance lands, issue guidance on how federal funding can explicitly address racial disparities, and do not wait for a crisis to help localities prepare, design, and fund equity-centered relief programs.

Equity Trade-Offs in the Design of COVID-19 Emergency Assistance

The COVID-19 pandemic has touched nearly every person and every facet of life. In addition to the health effects of the virus, millions of people in the US have been affected by job losses, cuts to wages and hours, and school and day care closures.

Those managing emergency responses need to understand the effects of a crisis on populations that are especially vulnerable to disparate impacts (BARHII and the Alliance 2020; CDC 2015; FEMA 2020; Jacobson, Chrysler, and Lynch 2021). Previous research and evaluation of emergency assistance programming has framed an equitable approach as one that aims to reach all those who need it, with *additional* resources focused on targeting outreach to vulnerable populations and minimizing their barriers to access. In the context of the COVID-19 pandemic, many policymakers have struggled not only to provide swift relief, but also to do so in a way that recognizes disparate outcomes and prioritizes those households and businesses most vulnerable to the impacts of COVID-19.

Housing is one sector in which the pandemic has visibly exacerbated existing structural disparities, with both near- and long-term implications for economic opportunity and inclusion. In the housing sector, the pandemic caused a nationwide rental crisis, with many renters struggling to make their housing payments.[1] According to data from the US Census Bureau's Household Pulse Survey, approximately 10.7 million people were behind on rent as of late March 2021 (CBPP 2021). Black, Latinx, and Asian renters are more likely to be behind on their rent than white renters. Before the pandemic, people of color faced disproportionate housing cost burdens and had less savings. The COVID-19 crisis has exacerbated these and other existing disparities between renters of color and white renters caused by discrimination, segregation, concentrated poverty, and mortgage discrimination.[2]

Housing-market challenges and racial disparities caused by COVID-19 also extend to landlords. More renters living in properties owned by noncommercial landlords who own two- to four-unit buildings are struggling to pay rent than those living in large multifamily units, and these smaller units have the highest rates of ownership among Black and Latinx landlords.[3] This means that COVID-19 is not only affecting people of color as renters, but also as businesspeople.

The pandemic has also broadly devastated the US small-business sector.[4] As stay-at-home orders and social-distancing guidelines took effect in spring 2020, one April survey found that 43 percent of

small businesses had temporarily closed and 75 percent said they had only enough cash to last two months or less (Bartik et al. 2020). Not only does a thriving small-business sector contribute to local economic well-being and community health, but small-business ownership is also a source of household wealth and a pathway toward wealth building and social mobility for people of color (Blanchard, Tolbert, and Mencken 2012; Bradford 2014; Rupasingha 2013; Yellen 2014).[5] Preceding the pandemic, business owners of color reported greater difficulty than white business owners accessing capital and credit, making them even more vulnerable to economic shocks.[6] Additionally, sectors with higher levels of Latinx business ownership (such as accommodations and food service) suffered disproportionate pandemic-induced job losses, while Black-owned businesses found themselves operating in COVID-19 hot spots, placing both business owners of color and their staff at greater financial and health-related risk (Mills and Battisto 2020).[7]

To address the health and economic impacts of the crisis, the federal government has passed three major pieces of COVID-19 relief legislation since March 2020, each providing a variety of relief options for individuals, businesses, and state and local governments: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, March 2020), the Consolidated Appropriations Act of 2021 (December 2020), and the American Rescue Plan Act of 2021 (March 2021). Each act contained flexible funding for local governments to put toward relief programs of their design and choice, with some containing provisions for federally or locally administered rental and small-business assistance (appendix A). Across the emergency assistance programs we discuss in this report, most used federal funds as either their sole source or as supplemental funding, while a few were entirely locally funded.

Addressing the need for swift assistance, while mitigating disparate outcomes and delivering resources to those most vulnerable, has captured much of local policymakers' attention over the past year. In the sections that follow, we examine how a small selection of local leaders responsible for designing and administering emergency rental and small-business assistance programming thought about and defined the concept of equity. In interviews, program designers and managers shared how they balanced competing priorities and components of equity, given constraints on funding, staff capacity, timelines, and other factors. We hope that in learning about local leaders' decisionmaking and the trade-offs they faced when designing emergency assistance programs, policymakers at all levels of government can better prepare for future crises and provide the support necessary for local governments to serve local populations most vulnerable to disparate impacts.

Methodology

In March 2021, we conducted six interviews with housing and small-business assistance program representatives from five localities: Arlington County, Virginia; Chicago, Illinois; Cleveland, Ohio; Kansas City, Missouri; and Louisville, Kentucky. All are members of the Shared Prosperity Partnership, a cohort of cities working to promote inclusive growth.[8] Through our interviews, we sought to learn how local governments committed to equity met the challenge of the COVID-19 pandemic.[9] The following were our core research questions:

- How did local governments define equity?
- What key decision points did government officials encounter when designing emergency assistance programs?
- How did local governments prioritize the distribution of emergency assistance funds?
- How did local governments incorporate an understanding of the disparate impacts of the pandemic on certain populations into rental and small-business emergency assistance program design?
- What barriers or challenges did local governments face in centering equity in the design and implementation of emergency assistance programs?

We interviewed representatives from local government agencies, and in one case one of their community partners, with a leadership role in designing and delivering emergency pandemic assistance programs, three each in housing and small-business assistance (box 1). These representatives helped design their departments' emergency assistance programs, advised the design process, or were involved in implementation. (See appendix B for program details and appendix C for the interview instrument.) For rental assistance programs, we spoke with officials in the housing division and a chief equity officer. Among small-business programs, we spoke with officials in the divisions of economic development or small business and one community partner who helped implement the program.

It is important to note that our sample size is small and that we did not interview advocates or emergency assistance recipients. Our findings do not represent best practices in how to distribute emergency assistance equitably but, instead, shed light on the decisions that program designers made to create their programs and the trade-offs they navigated between equity priorities when delivering relief.

BOX 1

Participating Local Housing and Small-Business Assistance Programs

Designers from three local housing assistance programs participated in our research.

- **Arlington County, Virginia**, adapted its existing Housing Grant program to respond to COVID-19. Funded primarily by local tax dollars,[a] the original program provided monthly rental assistance subsidies to residents earning less than 50 percent of area median income (AMI), people with disabilities, working families with children, and adults older than 65. The county delivered payments via checks addressed to both the resident and the landlord. In response to the pandemic, the county allowed participants who lost their jobs to remain in the program, increased the subsidy amount to meet participants' increased needs, and opened the program to those receiving unemployment.

  Before the pandemic, the county also operated a Crisis/Emergency Assistance program, which provided one-time payments to cover rent, mortgage, and utilities, as well as medical or clothing expenses.[b] During the pandemic, the county added funds to this program from the federal Coronavirus Relief Fund. Residents can apply more than once for this payment if needed. The payment is made to the landlord or business, not the applicant.[c]

- The **City of Chicago** offered three rounds of rental assistance. In its first round, the Department of Housing released $2 million from the city's own-source-financed Affordable Housing Opportunity Fund in March 2020 to provide up to 2,000 grants of $1,000 to Chicago renters earning less than 60 percent of AMI.[d] Assistance was distributed directly to tenants via bank transfers or cash cards. The department funded its second assistance round for $22.1 million in July 2020 through a combination of federal CARES Act dollars, own-source revenue, and local philanthropic contributions.[e] This time, grants ranged from $2,000 to $3,000 based on a recipient's monthly housing costs and went directly to landlords, rather than tenants. A third round opened in May 2021 and will pay up to 12 months of a tenant's rent based on need.[f]
- **Louisville Metro** funded its Eviction Prevention COVID-19 Relief Fund with federal dollars from the Consolidated Appropriations Act of 2021.[g] The fund provides rental assistance, including for past-due rent dating back to April 2020, to individuals earning less than 80 percent of AMI, up to a total of $10,500.

Among small-business programs, we spoke with two officials in economic and small-business development divisions and one community partner who helped implement the local program.

- **Arlington County** launched the Small Business Emergency GRANT (Giving Resiliency Assets Near Term) program with funding from the Arlington Industrial Development Authority; the Ballston, Crystal City, and Rosslyn business improvement districts; and federal CARES Act funding.[h] The department selected small businesses for grants of up to $10,000 via algorithmic scoring and a final evaluation and decision from the Arlington Economic Development Board. The program served 393 businesses.

- In **Kansas City, Missouri**, the Central City Economic Development (CCED) Sales Tax Board used sales tax district revenue to open a $500,000 CCED Small Business Stabilization Fund.[i] Businesses located within the CCED sales tax district were eligible to apply for grants of up to $10,000 each, allowing between 50 and 60 businesses to receive assistance. LISC Greater Kansas City partnered with the board and the city to administer the program and distribute the funds. In May 2021, the district distributed its second round of grants. Most funds to date have gone to microentrepreneurs.
- The **City of Cleveland** launched the Emergency Working Capital Fund at the start of the pandemic, distributing loans of $10,000 to local businesses.[j] Financed with a combination of federal Economic Development Administration funding and own-source funds, the loans had no interest or payments due until January 2021. After that, loans would be repaid at $150 a month with 1 percent interest.

[a] "Housing Grants," Arlington, Virginia, Department of Human Services, accessed March 24, 2021, https://housing.arlingtonva.us/get-help/rental-services/local-housing-grants/.
[b] "Crisis/Emergency Assistance," Arlington, Virginia, Department of Human Services, accessed March 24, 2021, https://publicassistance.arlingtonva.us/crisis-emergency-assistance/.
[c] Crisis/Emergency Assistance," Arlington.
[d] "COVID-19 Housing Assistance Grants," City of Chicago Department of Housing, accessed April 15, 2021, https://www.chicago.gov/city/en/depts/doh/supp_info/covid-19-guidance1/HousingAssistanceGrants.html.
[e] Office of the (Chicago) Mayor, "Mayor Lightfoot, Departments of Housing (DOH) and Family & Support Services (DFSS) Announce $33 Million in Housing Assistance," news release, July 27, 2020. https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/july/HousingAssistanceGrant.html.
[f] "Emergency Rental Assistance Program (ERAP)," City of Chicago, accessed June 9, 2021, https://www.chicago.gov/city/en/depts/doh/provdrs/renters/svcs/emergency-rental-assistance-program.html.
[g] "Eviction Prevention COVID-19 Relief Fund," City of Louisville, Kentucky, accessed April 14, 2021, https://louisvilleky.gov/government/develop-louisville/eviction-prevention.
[h] "Arlington Small Business Emergency GRANT (Giving Resiliency Assets Near Term) Program," Arlington Economic Development, accessed April 16, 2021, https://www.arlingtoneconomicdevelopment.com/covid-19/grant-information/.
[i] "CCED Small Business Stabilization Fund," LISC Greater Kansas City, accessed April 14, 2021, https://www.lisc.org/kansas-city/lisc-kansas-city-response-covid-19/ccedgrants/.
[j] "City of Cleveland Emergency Working Capital Loan Program," City of Cleveland Economic Development, April 5, 2020, https://makeitincleveland.org/news/city-of-cleveland-emergency-working-capital-loan-fund/.

Key Findings

Our interviews revealed two overarching findings on how program designers considered equity when distributing funds. The first is that most of our interviewees defined equity in a similar manner—distributing funds to those most in need—and some used established local equity frameworks to inform their program design. Second, we learned that program managers and policymakers faced several trade-offs when deciding how to operationalize equity in program design. These trade-offs required program designers to balance competing priorities—for example, whether to distribute funds quickly or

take more time to target those with the greatest needs—and, often, to compromise one to account for the other.

Definitions of Equity and Application of Equity Frameworks and Principles

In our interviews, we did not offer a definition of equity. Instead, we asked program designers whom they intended to serve, how they determined which businesses and households qualified for assistance, whether equity was a consideration in their program designs, and, if so, how they defined the term equity. In this way, we shaped the interview around an inductive definition of equity as presented by the government officials.

In defining equity, many interviewees described a desire to provide aid to those who needed it most, and many said their understanding of need was informed by the root causes of disparities. Interviewees reported a variety of considerations related to determining applicants' level of need, including the severity of pandemic-related financial loss, exclusion from federal pandemic relief programs, income before the pandemic, and historical exclusion from federal, state, or local resources preceding the pandemic.

Three interviewees cited equity plans and frameworks that guided their COVID-19 relief efforts. In 2019, Arlington County released a racial equity declaration, and county employees were trained on how to apply equity language and principles to policy and programmatic decisions.[10] Importantly, each county department was instructed to build racial equity into programming; this declaration helped shape Arlington's COVID-19 relief programs, as the county implemented features such as accountability measures to track the economic impact of COVID-19 by geography such as neighborhood. In Chicago, interviewees from the Department of Housing (DOH) noted that leadership and staff have made equity a core value in all department activities, including emergency housing assistance. In Louisville, the chief equity officer oversaw the city's COVID-19 relief efforts, and officials used the city's race equity tool to guide programming.

Several program designers said they incorporated equity into fund distribution by monitoring who received assistance, rather than by defining targeted eligibility criteria. This decision was, in part, related to the (at least perceived) legal restrictions that prevent any targeting based on race—a federal protection against discrimination that can, today, complicate governments' desire to deliver reparative benefits to communities that have historically been deprived of resources based on their race. For example, a few interviewees told us that they monitored data to see what percentage of Black, Latinx, or foreign-born and immigrant communities were receiving the funds. If they discovered that access

rates were particularly low for certain groups, they would activate partners based in those communities to assist the underserved populations in applying for funding. Strong existing relationships with the communities and community-based organizations were invaluable for meeting this need.

Trade-Offs and Approaches When Designing Equitable Relief Programs

In the section below, we highlight three key trade-offs mentioned by several interviewees. We then share the approaches local government officials took to navigate and pursue competing priorities. When designing emergency assistance programs in the future, program designers may try to anticipate these trade-offs and consider how to balance these considerations in advance so that funds can be equitably distributed to those in need during crises.

BALANCING SPEED WITH TARGETING IN BENEFIT DISTRIBUTION

Most program administrators we interviewed weighed the urgency to assist residents and businesses as quickly as possible against their desire to channel limited resources to people and businesses with the greatest need. The speed at which residents receive emergency assistance is crucial to ensuring they can pay rent promptly and avoid eviction, keep businesses open, and pay employees. At the same time, programs that prioritize quick distribution of funds, such as on a first-come-first-served basis, advantage those residents who have the connections, time, and resources (e.g., internet access) to learn about the program and submit the necessary documentation.

For example, in Chicago, rental assistance program designers prioritized speed in their first round of rental assistance delivery. Rather than delivering funds on a first-come-first-served basis, however, they opted to use a lottery system. Chicago designers determined a lottery was expedient but more equitable than a first-come-first-served process because it did not favor those with ready access to information and online services.

Arlington County mentioned the trade-off between speed and targeting as well. When the pandemic hit, Arlington County prioritized speed by building on and widening eligibility for established emergency grant programs. The Housing Bureau altered Housing Grant eligibility requirements to account for the challenges working families were facing, allowing individuals who were receiving unemployment insurance or had recently lost their jobs to apply for or remain in the program. This reflected a shift from the previous requirement for adults in the program to be working (appendix B). The county also added CARES Act funding to bolster its separate Crisis/Emergency Assistance grant program.

On the small-business assistance side, the City of Cleveland Department of Economic Development focused on rapid deployment of funds. At the beginning of the crisis, our interviewee shared, Cleveland realized small businesses would be among the first to feel the economic impact, and local city agencies quickly set up support programs. Program designers initially anticipated that businesses would be pausing operations temporarily. They opened a first-come-first-served loan program, the Emergency Working Capital Fund, in April 2020 to help cover costs from temporary operational closures. As it became clear that the pandemic would have longer-lasting impacts on business operations, the department opened additional programs, including grants for small businesses.

In contrast, in designing the Small Business Emergency GRANT (Giving Resiliency Assets Near Term) program in July 2020, Arlington Economic Development staff focused on targeting versus speed of delivery. Arlington Economic Development extended the design timeline and process to assess community needs through a small-business survey, established a process for weighing applicant need, and created a scoring algorithm that accounted for factors such as number of employees, business operations, and sustainability, as well as a measure of applicants' impact on the community. The county's automated scanning and scoring system helped speed up the application process by eliminating the need for staff- and time-intensive manual review, balancing its earlier focus on targeting and eligibility criteria at the expense of speed.

Localities that attempted to balance speed with targeting did so by leveraging community-based organization networks. These trusted partners helped governments distribute funds quickly and ensure funds reached those most in need. Working with networks of community-based organizations allowed the program designers we interviewed to better reach specific communities or neighborhoods where need was especially high.

- Localities might outsource their outreach processes to an external partner that is well connected in the community and can access harder-to-reach populations quickly. The Kansas City Central City Economic Development (CCED) Board partnered with LISC Greater Kansas City through a request for proposals to administer the Small Business Stabilization Fund. LISC leveraged community connections and relationships with Black-owned newspapers and other media to conduct strong marketing campaigns and raise awareness for the program.
- The Chicago DOH will release a formal request for proposals in the forthcoming third round of emergency assistance to select organizations for outreach, application processing, and assistance to applicants. To execute this process more quickly, localities might develop a rapid partner activation proposal template to solicit partners for emergency situations.

BALANCING TARGETING WITH ACCESSIBILITY IN THE APPLICATION PROCESS

Program administrators also deliberated whether to establish more targeted selection criteria to reach certain demographics or to streamline criteria to reduce the burden on applicants and ensure wider access. Additional application criteria would allow localities to target those who demonstrated high need; however, it would also require collecting more information and documentation from applicants, which could pose barriers.

One interviewee from the Chicago DOH cited this tension in designing its rental assistance program. In the first round, DOH prioritized simplicity, directness, and speed in the application process. The portal asked applicants for minimal information to enter the lottery pool. If an applicant was selected through the lottery, DOH would then ask for more detailed information and paperwork to secure the funds. With an easy application, more than 65,000 people applied. In the second assistance round, the application required additional documentation demonstrating need. Our interviewee noted that fewer people applied, proposing that this decline likely reflected barriers posed by asking for additional documentation, rather than decreased need.

Local government officials attempted to balance targeting with accessibility by taking advantage of web-based technology to create and administer applications. Web-based applications were not only easier for most applicants to complete, but also allowed program staff to efficiently sort or target applicants who fit the program criteria. Using online platforms to administer aid helped many applicants, as well as agencies, during the pandemic. However, nondigital application options are also critical to ensuring wide access. While local governments may find ways to streamline application assessment and intake to accelerate benefit delivery, they should also continue to offer nondigital options and assess whether intended beneficiaries have sufficient avenues for accessing benefits.

In one example of technology use, Arlington Economic Development used JotForm software to ensure the application for assistance was user friendly. Further, the agency ensured that the application used easy-to-understand language, especially for applicants whose first language is not English. An automated software system scored the submitted applications on the basis of business criteria such as finances, employees, business operations, and community benefit to ensure that assistance was targeted toward the businesses in most need. The agency referred applications that scored over a certain threshold to the Arlington Economic Development Board, which selected recipients in a blind review.

Consultation and technical assistance were necessary to support applicants and ensure equitable distribution of funds. With aid from local agencies, more people and businesses could navigate intensive applications processes and be considered for or use emergency assistance funds.

- For small-business assistance programs, connections to business development services helped more businesses complete the application. In Cleveland, the economic development department connected businesses that were cash-based and did not have banking information to the small-business development department for help putting together an application. In Kansas City, LISC referred applicants to the BizCare department to pull together the necessary materials. This additional support was especially important for microentrepreneurs, whose businesses more often did not have the necessary fundamentals to put together a competitive grant package. Our interviewees in Kansas City stressed the importance of technical assistance that was culturally competent, respectful, and empathetic to the small-business community, especially business owners of color.
- In Arlington, the county increased the number of staff members working on rental assistance programs and hired new staff fluent in a wide range of languages. Arlington recommended that localities have temporary staffing contracts in place before emergencies so they can staff call-in lines and application processing quickly.

BALANCING LOCAL NEEDS WITH FEDERAL REGULATIONS

New federal relief funding allowed local governments to establish, scale up, or sustain rental and small-business assistance programs. While federal funding provided necessary relief and boosted localities' efforts, stipulations also limited how localities could use the money, thereby influencing the trade-offs localities encountered when designing their programs.

Initially, federal funding required localities to distribute aid to those who had experienced COVID-19-related loss. Among the rental assistance programs we reviewed, Chicago's and Louisville's applications asked for proof of impact from COVID-19. On the other hand, Arlington's housing assistance programs (which existed before the pandemic) did not have a stipulation to show pandemic-related financial loss. In March 2021, the US Department of the Treasury provided guidance on emergency rental assistance that expanded the meaning for this otherwise-narrow stipulation, requiring that financial hardship be "due, *directly or indirectly*, to the COVID-19 outbreak" (emphasis added), rather than simply "due to" the outbreak.[11] Similarly, small-business emergency relief criteria were often directly tied to financial losses from COVID-19. The emergency assistance did not consistently prioritize businesses experiencing financial hardship before the pandemic.

In 2020, the Chicago DOH launched two rental assistance programs. The first was funded by city and philanthropic funds, and the second was funded primarily through federal CARES Act funds (appendix B). In the first round, the department had the autonomy to make locally informed decisions and designed the rental assistance program to provide tenants with direct cash grants, with no requirement that tenants spend their grants on rent. This design included not only renters who had fallen behind on their rent payments, but also financially vulnerable renters who paid their rent at the expense of other needs (e.g., food, medical bills, utilities) or who paid rent in a financially unsustainable way (e.g., with a credit card or other debt). Using additional CARES Act funds, Chicago DOH modified its second round of funds to comply with federal requirements to make assistance payments directly to landlords. Our interviewee remarked that an approach in which assistance for landlords and assistance for tenants were kept in separate "lanes" would have been preferable to targeting rental assistance directly to landlords.

Louisville financed its Eviction Prevention COVID-19 Relief Fund with funding from the CARES Act Coronavirus Relief Fund. Racial equity was a key tenet of Louisville's COVID-19 relief strategy; government services and decisionmaking were partly framed by Louisville's racial equity tool.[12] However, local leadership felt limited in the extent to which they could explicitly prioritize Black or Latinx residents for housing assistance, largely because Title VI of the Civil Rights Act of 1964 prohibits discrimination by race in federal assistance.[13] The Louisville rental assistance program was on a first-come-first-served basis, and our interviewee acknowledged that this favored the applicants who could access and log in to the application fastest. Our interviewee shared that, to incorporate racial equity practices into the assistance program while also not explicitly preferencing certain racial groups in the application process, the Louisville Office of Resilience and Community Services instructed government agencies to monitor requests for eviction prevention services and correct course with additional outreach to specific communities and neighborhoods if needed.

In an example of own-source funding flexibility, Kansas City funded its CCED Small Business Stabilization Fund from sales tax district revenue. The city is required to spend these funds within CCED sales tax district boundaries. Because of this geographic focus, program administrators knew that the funds would mainly reach local business owners of color.

Program designers we spoke with attempted to use geographic targeting to balance community needs with federal stipulations. Targeting by community, rather than by individual applicants' demographic characteristics, ensured that residents most vulnerable to the impact of the pandemic could access emergency assistance. Several of our interviewees said their agencies centered residents of color in emergency assistance distribution. However, none of our interviewees explicitly prioritized

applications on the basis of an applicant's race. Instead, many indirectly targeted funds to specific communities of Black, Latinx, and foreign-born residents by targeting certain neighborhoods or census tracts through additional outreach and supports.

Implications for Federal Policymakers

The program designers we spoke with reflected on what they thought went well in administering emergency funds and what they are doing or would do differently. When we asked what local governments would need to support future emergency assistance efforts, our interviewees offered the following recommendations for the federal government: provide more data on where federally administered assistance lands, issue guidance on how federal funding can explicitly address racial disparities, and do not wait for a crisis to help localities build robust equity-centered relief systems.

PROVIDE MORE DATA ON WHERE FEDERAL ASSISTANCE LANDS

Many of the local program designers wanted to prioritize households or small businesses that had not received government assistance so that local funds could better supplement federally funded efforts. For example, if local small-business emergency assistance administrators could identify households that received federal Paycheck Protection Program (PPP) funds, they could prioritize those that did not apply for or receive these funds, fill gaps in federally funded efforts, and reach excluded communities. However, our interviewees reported that it was difficult to know where PPP funds went with the current data from the federal government.

ISSUE GUIDANCE ON HOW FEDERAL FUNDING CAN EXPLICITLY ADDRESS RACIAL DISPARITIES

Program designers, especially rental assistance designers, found it unclear to what extent their program applications could explicitly prioritize race, even with evidence to suggest that housing instability was concentrated by race. One interviewee expressed concern about whether prioritizing people of a certain race could pass the strict scrutiny analysis that courts apply to some race-conscious public policies and programs. The federal government can support localities that want to explicitly prioritize racial equity in eligibility and selection criteria by clarifying what is and is not allowed (box 2).

BOX 2

Executive Order on Advancing Racial Equity

On January 20, 2021, President Biden signed the executive order Advancing Racial Equity and Support for Underserved Communities through the Federal Government. The order calls for the federal government to "allocate resources to address the historic failure to invest sufficiently, justly, and equally in underserved communities, as well as individuals from those communities" and to "produce a plan for addressing…any barriers to full and equal participation" in accessing benefits and services.[a] The timing of the executive order means that it is poised to affect the distribution of American Rescue Plan funds. It remains to be seen how the order might change the criteria that grant designers choose to use when distributing future rounds of funding.

[a] "Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government," White House, January 20, 2021, https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/.

DO NOT WAIT FOR A CRISIS TO HELP LOCALITIES PREPARE, DESIGN, AND FUND EQUITY-CENTERD RELIEF PROGRAMS

Program designers emphasized that governments must be prepared for a public health or economic crisis before it hits. For one locality, this meant investing in infrastructure that will allow it to quickly hire additional staff for processing assistance applications. For others, this meant establishing a rainy-day fund for eviction prevention programs. The federal government can help build local capacity to prepare for emergencies by increasing its support for local emergency assistance programs and sharing best practices for emergency preparation and mitigation.

Conclusion

In designing emergency relief programs, the program representatives we spoke with reported balancing speed, targeting, ease of application, and the constraints and flexibility that came with their funding sources. Because the COVID-19 crisis was unprecedented, program designers learned "as they went" and each adopted different approaches to incorporating equity into its program design and implementation.

As new rounds of federal funding are released in the coming months and localities continue to mount their own emergency assistance programs, program designers must adapt to distribute even larger sums of funding equitably and, for many, with only limited capacity. The last year has produced

numerous lessons for federal, state, and local governments alike. Mining lessons from earlier rounds of assistance can help program designers better target resources to those who need them most without sacrificing expediency or other important considerations.

Appendix A. Federal Emergency Relief Legislation

Since March 2020, the federal government has passed three major pieces of COVID-19 relief legislation, each of which has provided a variety of relief options for individuals, businesses, and state and local governments: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, March 2020), the Consolidated Appropriations Act of 2021 (December 2020), and the American Rescue Plan Act of 2021 (March).

Each piece of legislation contained a variety of COVID-19-related supports, such as individual stimulus checks and more generous unemployment insurance benefits, which the federal government administered either alone or in partnership with state and local governments. Each act also contained flexible funding that local governments were able to put toward relief programs of their own design and choice—with some legislation containing provisions for federally or locally administered rental and small-business assistance, specifically. Here, we detail the provisions of the legislation that most critically informed local decisions about relief program implementation and design for rental and small-business assistance.

CARES Act

Congress passed the CARES Act in March 2020, providing an additional $5 billion to the Department of Housing and Urban Development Community Development Block Grant program for COVID-19 response (CDBG-CV) and $150 billion to the new Coronavirus Relief Fund (CRF), which would help state and local governments cover expenditures incurred as a result of the public health emergency caused by COVID-19.[14] State governments received funding from the CRF according to a formula based on their population, with the option of passing funds through to local governments for permitted uses. Local governments with populations over 500,000 were permitted to apply for direct formula-based assistance from the Treasury, with any such direct local allocations to be subtracted from the state's total CRF formula allocation (Driessen 2021).

Rental Assistance in the CARES Act

The CARES Act did not create a specific fund for federally or locally administered rental assistance, but localities were able to use flexible funding from the CDBG-CV program and CRF to design and fund their own local rental assistance programs. The CRF did not stipulate income eligibility criteria for receiving rental assistance funds but did require that recipients demonstrate financial hardship related to COVID-19 (Reina et al. 2021).

States and localities were authorized to introduce additional priority criteria for distributing funds (Ellen et al. 2021). In a survey of 220 CARES Act–funded state and local emergency rental assistance programs, half reported that they had established priority assistance groups, with most preferencing very low income households and families with children.[15] Some state and local governments adopted limiting criteria, such as limiting assistance to legal US residents or requiring recipients to have been current on their rent before COVID-19 (Reina et al. 2021).

The CARES Act also allocated $1 billion for project-based rental assistance to support property owners affected by COVID-19 and established an eviction moratorium for tenants living in federally backed single and multifamily properties, as well as for renters living in federally assisted housing, until July 24, 2020.[16]

Small-Business Assistance in the CARES Act

Although the CARES Act did not create a specific fund for locally administered small-business assistance, localities were able to use flexible funding from the CDBG-CV program and the CRF to design and fund their own local small-business assistance programs. The legislation did not stipulate how state or local governments should set eligibility requirements for local small-business assistance programs, apart from requiring that funds cover necessary costs related to COVID-19 interruptions. The Treasury provided broad guidance on appropriate use of funds,[17] which state commerce departments and others attempted to supplement, especially because (unlike programs that distribute benefits directly to people) small-business grant programs can inadvertently run afoul of state laws prohibiting "public gifts" to private entities.[18]

The CARES Act also established several federally administered small-business support programs, including PPP, which provided $350 billion in government-backed forgivable loans to small businesses in its first round.[19]

Consolidated Appropriations Act

In December 2020, Congress passed the Consolidated Appropriations Act (CAA). The CAA extended the deadline to expend CRF funds to December 31, 2021, providing state and local governments with potential continued funding for rental, small-business, or other relief programs of their own design and choice. The same stipulations applied, limiting use of funds for assistance to those experiencing financial hardship or business interruptions attributable specifically to COVID-19.[20]

Rental Assistance in the CAA

In addition to extending CRF funding, the CAA created a $25 billion Emergency Rental Assistance Program (ERAP) fund administered by the Treasury to assist households unable to pay rent and utilities because of the crisis. ERAP granted funds directly to state and local governments with populations greater than 200,000, permitting those localities to establish new programs or allocate funds to existing rental assistance programs. To receive funding, state and local governments had to meet the following ERAP stipulations:

- Use at least 90 percent of granted funds for financial assistance for rent, rental arrears, utilities and home energy costs, utilities and energy arrears, and other expenses related to housing incurred as a result of COVID-19.
- Define eligible households as meeting *all* of the following three criteria: (1) household income at or below 80 percent of area medium income (AMI); (2) financial hardship, as evidenced by receipt of unemployment benefits or a written statement of other pandemic-related hardship; and (3) at least one household member at risk of homelessness or housing instability, as evidenced by past-due rent or utility notices, unsafe living conditions, or other evidence from the grantee (Driessen, Perl, and McCarty 2021).
- Prioritize households with incomes less than 50 percent of AMI or households in which one or more individuals were unemployed for at least 90 days before they applied for funds.
- Require applicants to provide proof of annual or current monthly income and recertify every three months (Driessen, Perl, and McCarty 2021).
- Submit reports disaggregating household applicant data by gender, race, and ethnicity of the primary applicant.

The Treasury provided additional guidance on tenant income certification and recertification on March 26, 2021, providing grantees with more flexibility on the forms of income attestation allowable from tenants—for example, allowing photocopies and digital photographs in lieu of original documents.[21] The CAA also allowed state and local governments to further prioritize certain applicants for financial assistance and housing stability services. Such flexibility allowed grantees to use funds in the following new ways:

- Use up to 10 percent of funds on case management services, including legal and financial counseling.
- Deliver rental assistance directly to tenants if agencies are unable to reach a landlord or if the landlord is uncooperative in applying for funds.
- Use funding to cover back rent owed up to the start of the pandemic in March 2020.
- Permit tenants to self-certify their incomes and rental debt.

The law did not address whether noncitizens were eligible for assistance, though some localities, such as New York City, created funds for people who are undocumented.[22] Others, such as Fort Worth, Texas, require applicants to submit Social Security numbers, which means that those who are undocumented cannot apply for funding.[23]

Small-Business Assistance in the CAA

Aside from extending the flexible CRF funding, the CAA did not include specific support for locally administered small-business assistance programs. The legislation did bolster a host of federally administered small-business assistance programs, as well as roll out an additional $284 billion of federally administered PPP loans (Dilger, Lindsay, and Lowry 2021).

American Rescue Plan Act of 2021

On March 6, 2021, Congress passed the American Rescue Plan Act of 2021 (ARP). The legislation included $350 billion for the new Coronavirus State and Local Fiscal Recovery Fund, which will provide flexible emergency relief directly to state and local governments on a formula basis. State and local governments can use the funding for a variety of COVID-19-related emergency relief purposes, including "assistance to households, small businesses, and nonprofits, or aid to impacted industries, such as tourism, travel, and hospitality."[24] State and local governments can thus use these funds for a variety

of purposes such as revenue replacement, as well as their own local rental or small-business assistance programs. Specific guidance from the Treasury on permitted use of funds is forthcoming.[25]

Rental Assistance in the ARP

In addition to the flexible funding described above, the ARP allocated $21.55 billion for state or locally administered emergency rental assistance programs, available until September 30, 2025, at least 75 percent of which grantees must spend on direct financial assistance. The legislation set aside $2.5 billion for “high-need grantees” on the basis of factors that include “the number of very low income households paying more than 50 percent of income on rent or living in substandard or overcrowded conditions, rental-market costs, and change in employment since February 2020.”[26]

Small-Business Assistance in the ARP

In addition to providing direct and flexible relief to state and local governments, the ARP contained additional supports for federally administered small-business programs, including $28.6 billion for the new Restaurant Revitalization Fund (Dilger, Lindsay, and Lowry 2021). Local governments may be eligible for grants under the new Community Navigator pilot program (funded at $100 million),[27] while states may be eligible to receive funding under the new Small Business Credit Initiative ($10 billion).[28]

Appendix B. Rental and Business Assistance Program Detail

TABLE B.1

Program Elements: Rental Assistance

Key program design features

	Chicago			Arlington County, VA		Louisville, KY
	COVID-19 Housing Assistance Grant	**COVID-19 Housing Assistance Grant**	**Emergency Rental Assistance Program**	**Housing Grant**	**Crisis/Emergency Assistance**	**Eviction Prevention COVID-19 Relief Fund**
Department	Chicago Department of Housing	Chicago Department of Housing	Chicago Department of Housing	Arlington Department of Human Services Housing Assistance Bureau	Arlington Department of Human Services	Louisville Office of Housing
Assistance round	Round 1	Round 2	Round 3 (modified)	n/a	n/a	n/a
Funding sources	Affordable Housing Opportunity Fund	▪ CARES Act CRF ▪ Chicago Community Trust ▪ United Way of Metro Chicago ▪ Polk Bros. Foundation	Coronavirus Response and Relief Supplemental Appropriation Act	County funds	▪ County funds ▪ CARES Act ▪ CDBG ▪ CSBG ▪ State funds	Consolidated Appropriations Act of 2021
Total amount	$2 million	$22.1 million	$79.8 million	$14.2 million	$6.8 million	$22.1 million
Assistance amount	$1,000 (reflecting Chicago's median rent of $1,100)	$2,000 or $3,000 based on financial hardship related to COVID-19 and monthly housing cost to meet 2 months of rent	Estimated average of $7,500	Monthly rent for 12 months; must be reviewed annually for eligibility	Total arrears requested (including utilities); applicants can apply more than once	≤ $10,500 determined by income and rent

	Chicago			Arlington County, VA		Louisville, KY
	COVID-19 Housing Assistance Grant	COVID-19 Housing Assistance Grant	Emergency Rental Assistance Program	Housing Grant	Crisis/Emergency Assistance	Eviction Prevention COVID-19 Relief Fund
Eligibility	Renters earning ≤ 60% of AMI	Renters earning ≤ 60% of AMI	Landlords and tenants	▪ Arlington residents ▪ earning ≤42% of AMI ▪ with disabilities ▪ age 65 or older ▪ in working family with ≥ 1 minor child	Any Arlington resident; prioritizes those earning < 50% of AMI	▪ Risk of housing instability ▪ Unemployment or income reduction ▪ Household income < 80% of AMI
Use	Cash transfer to meet applicant's needs	Cash transfer to meet applicant's needs	Rent and utilities	Monthly rent or mortgage payments	Rent, mortgage, utilities, medical, or clothing expenses	Past-due rent from 4/2020 to 12/2020
Application documentation	▪ To apply, asked for address and email. ▪ Once selected, asked for unemployment insurance claim or notification of employment status change and proof of household income	Asked up front for relevant documentation	▪ Photo ID ▪ SSN ▪ Proof of ownership ▪ Lease	▪ Evidence of address ▪ SSN or other similar legal documentation ▪ Evidence of ability to pay other expenses ▪ Income and assets	▪ Evidence of residency ▪ Proof of income and benefits ▪ Account statements ▪ ID ▪ Additional documentation depending on requested support ▪ Department of Human Services clinician interview	▪ Proof of loss of income ▪ ID of household members ▪ SSN or self-declared documentation status ▪ Tax return ▪ Lease agreement ▪ Landlord W-9 ▪ Landlord-tenant agreement ▪ Demographics of household members
Selection process	Lottery system	Lottery system	Selection of lowest percentage AMI first	Application approval from county	Application approval from county	First come, first served

Sources: Interviews with program designers and scan of information available online.

Notes: AMI = area median income; CARES Act = Coronavirus Aid, Relief, and Economic Security Act; CDBG = Community Development Block Grant; CRF = Coronavirus Relief Fund; CSBG = Community Services Block Grant; n/a = not applicable; SSN = Social Security number.

TABLE B.2

Program Elements: Small-Business Assistance

Key program design features

	Arlington County, VA Small Business Emergency GRANT	City of Cleveland Emergency Working Capital Fund	Kansas City, MO CCED Small Business Stabilization Fund
Department	Arlington Economic Development	Department of Economic Development	CCED sales tax district board
Type	Grant	▪ Loan with 0% interest until 1/1/21 ▪ Monthly payments of $150 after 1/1/21 with 1% interest rate	Grant
Use	▪ Business operations, rent, payroll ▪ Capital and operating expenses	Rent and utilities	Payroll, utilities, rent, and operating expenses
Benefit	≤ $10,000	≤ $10,000	$2,500–$10,000
Recipients as of December 2020	393	161	52
Program funding	$2.8 million	$1 million	$500,000
Funding sources	▪ Arlington County ▪ Arlington Industrial Development Authority ▪ Ballston, Crystal City, and Rosslyn business improvement districts ▪ CARES Act	CARES Act EDA funds	Kansas City CCED sales tax district funds
Application requirements	Online application only (in English, Spanish, and Amharic)	▪ Number of employees ▪ Financial statement ▪ Tax return ▪ Letter of support from ward councilperson ▪ Payroll records	▪ To submit application: business information, number of employees, annual revenues. ▪ If selected as finalist: 2019 tax return, certificate of good standing from Missouri secretary of state, municipal business license
Eligibility	▪ Sited in county ▪ < 50 employees ▪ ≥ 35% revenue loss from COVID-19 ▪ In good standing (current business license and taxes paid)	▪ < 500 employees ▪ Negative impact from COVID-19	▪ Small businesses within the Kansas City, MO, CCED sales tax district boundaries ▪ Annual revenue < $750,000 ▪ ≤20 employees ▪ Loss of income from COVID-19

	Arlington County, VA Small Business Emergency GRANT	City of Cleveland Emergency Working Capital Fund	Kansas City, MO CCED Small Business Stabilization Fund
Selection	Weighted scoring system: impact on employees, business operations, impact on Arlington business community	Approval from city department	Lottery with priority to businesses operating in low- to moderate-income census tracts, businesses owned by women, people of color, veterans, or immigrants

Sources: Interviews with program designers and scan of information available online

Notes: CARES Act = Coronavirus Aid, Relief, and Economic Security Act; CCED = Central City Economic Development; EDA = Economic Development Administration; GRANT = Giving Resiliency Assets Near Term.

Appendix C. Interview Instrument

I am [INTERVIEWER NAME] and this is my colleague [NOTETAKER'S NAME]. We're from the Urban Institute, a nonprofit nonpartisan research organization based in Washington, DC, that conducts policy-related research on a variety of social policy and economic issues.

With support from the Kresge Foundation and as part of a collaborative effort called the Shared Prosperity Partnership, we are conducting research to identify lessons for local governments on how to incorporate equity into the design of emergency relief programs in response to COVID-19. For this project, we are focusing on emergency housing stabilization and small-business assistance programs.

As part of this research, we are talking to public officials and civil society leaders (for example, advocates and community-based organizations) from a sample of cities that have established either emergency housing or small-business assistance programs in response to COVID-19. Your insights will help the research team understand how local responses to the COVID-19 pandemic can inform future equitable economic relief programs. We will supplement interviews with a scan of news coverage and recent literature on local pandemic relief programs. Findings will be shared in a research brief, whose primary audiences will be local, state, and federal policymakers, as well as advocates and civic leaders pressing for greater equity in emergency assistance and economic recovery efforts.

Now we would like to cover some formal topics having to do with interview consent:

The interview should last no longer than 60 minutes. Your participation in the interview is voluntary. You are free to skip questions or end the interview at any point.

We will include most insights we gather from these interviews in the aggregate and without attribution. However, we would do plan to attribute some insights to you and other interviewees, either in a direct quote or by paraphrasing your response. We will share any insights or quotes for attribution with you in advance of publication, and we will not attribute any insights or comments to you in the brief without your express consent.

Do you consent to participate in this interview? [Solicit verbal consent from each participant]

1. To start, can you share your title and role in the program design?
2. Can you describe generally the [COVID rental assistance program/small-business relief program] that [city/county] implemented? What need was the program designed to meet?

a. Was this a new program created in response to COVID? Or was It an existing program modified in response to COVID?

3. Can you describe how you began the process of designing the [housing/small-business assistance program]?
   a. Who was involved in the process of designing the relief program and what role did they play?

In this set of questions, we're going to ask more about specific features of the program.

4. Who was the program designed to serve?
5. How did you determine which businesses/households qualified for assistance?
   a. [Prompt] Is assistance conditional on demonstrating COVID-19-related disruption to finances, housing, etc.?
6. How did you determine the amount of the assistance?
7. What other key decision points did you encounter during the design process, and how did you make the end decision?
8. Have any of the features or the program changed over time and if so, why?

For this next set of questions, we're going to talk about whether equity was an explicit focus of your program.

9. Was equity an explicit consideration in program design?
   a. [If yes or no or need more context] To what extent did you prioritize those that may have been experiencing economic vulnerability or hardship or *(if talking about housing)* at risk of housing instability before the pandemic? Was race a factor in your decision?
   b. [If yes] How did you or others *define (or think about) equity* as it related to pandemic relief? What did equitable relief mean to you and others involved in designing the program?
      i. Which *features of the program* prioritize equity?
      ii. Did any features of the program prioritize racial equity, specifically?
   c. [If yes] Did a specific person or group or organization push for the program to be designed equitably and why?
      i. If so, what have you learned?

d. [If yes] Did you put a system in place to measure equitable outcomes?
e. [If no] What other considerations were a priority?

10. What *challenges* did [locality] encounter incorporating equity into the program's design and implementation of this relief program?
    a. [Prompt] Were there any political, legal, or resource constraints?
11. What trade-offs did you consider, and how did you make those trade-offs?
    a. [Prompt] Did resources or policies at the federal or state level shape [locality's] program decisions?

Note to interviewer: In this section we would like to understand program uptake.

12. How do clients hear about the program?
13. Have individuals looking to access your relief program run into any obstacles?
    a. [If yes] How did you adjust for these obstacles or overcome them?
14. Have you been able to reach the population your program aims to reach?
    a. Do you have plans to extend program access or outreach?
15. Did you observe any changes in demand for the program over time?
16. What would you do again or recommend to other localities designing equitable relief programs?
17. Is there anything we didn't ask but you would want to add?
18. Is there anyone else we should be talking to about these issues?

Thank you for your time and insights.

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8 The Urban Institute provides technical assistance to organizations in Shared Prosperity Partnership cities. However, none of our interviewees work directly for partner organizations. Rather, our Shared Prosperity Partnership contacts were able to connect us to local government interviewees through their own networks. Though we were able to identify possible interviewees because of our connections to the program, none of the interviewees were direct recipients of Urban's technical assistance, nor did the interviewers know any of the interviewees before the interview.

9 See appendix C for the full interview instrument.

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14 Coronavirus Aid, Relief, and Economic Security Act, H.R. 748, 116th Cong. (2020).

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16 On September 1, 2020, the Centers for Disease Control and Prevention used its administrative powers to institute a national eviction moratorium through December 31, 2020.

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23 "Renter Checklist: Documents and Key Information," Fort Worth Housing Solutions, https://www.fwhs.org/wp-content/uploads/2021/04/renterchecklist.pdf.

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About the Authors

Emily Bramhall is a policy analyst in the Research to Action Lab at the Urban Institute, where she works on a variety of projects in the fields of education, workforce development, and inclusive growth.

Martha Fedorowicz is a policy associate in the Research to Action Lab, where she works with local government agencies, philanthropic organizations, and nonprofits to deliver technical assistance and translate research into practical tools for policymakers.

Megan Randall is a research associate in the Research to Action Lab, where she brings expertise on state and local public finance to the Lab's work on federal place-based programs, state and local economic development policy, and inclusive economic recovery.

Statement of Independence

500 L'Enfant Plaza SW
Washington, DC 20024

www.urban.org