

REBUILDING OHIO: A POLICY BLUEPRINT FOR OHIO FAMILIES, SMALL BUSINESSES, AND NEIGHBORHOODS

September 2020

The Rebuilding Ohio Coalition is comprised of leaders in economic and community development that have worked with families, small businesses, and neighborhoods as they build vibrant, prosperous, welcoming communities across Ohio.

As we think about recovery from the pandemic's economic and health impacts, Ohio's Main Streets, neighborhoods, businesses, employees, and residents will be the foundational building blocks to revitalizing Ohio's economy and communities. Investing in distressed communities will create springboards for their residents by bringing solutions to the local community level.

Data clearly show that those bearing the health and economic brunt of the pandemic have been disproportionately low-income and from communities of color. This same dynamic was evident in the Great Recession's foreclosure crisis when these communities witnessed inequitable harm and an unequal recovery. Ohio can blaze a new path forward that creates the environment for resilient, sustained empowerment.

This state policy platform provides a blueprint for revitalizing and strengthening Ohio families and entrepreneurs, and the places where they live, work, and play.

Three principles guide our policy recommendations:

- 1. Ensure recovery is equitable across the State and within communities.** Low-income families and people of color have been disproportionately affected by job loss and housing instability. Different regions, such as Appalachia, and different places, such as large, mid-sized and small legacy cities, were already economically fragile before the pandemic. Support should be based on need and pre-existing levels of distress, with attention paid to racial equity and providing opportunity to all of Ohio's vulnerable residents and communities.
- 2. Strategically and creatively deploy every dollar of relief and assistance:** We also know that need will, undoubtedly, outstrip demand by many magnitudes. We believe it is essential that dollars from federal, state, local, philanthropic and private sources are used strategically in order to wring the greatest potential out of each cent.
- 3. Multi-sector partnerships are critical.** The #InThisTogetherOhio movement is what has sustained Ohio through the crisis, and it should carry us through the recovery. More sobering, municipal budgets were already tight before the pandemic; they will become even tighter in the months to come. Rebuilding businesses, neighborhoods, and Main Streets will require an "all hands on deck" approach with public, private, nonprofit, educational, philanthropic and other partners all contributing. These partnerships bring resources and expertise that have a multiplier effect when they are built on trust and work towards a shared community vision.

In coming together, we offer a blueprint that holistically offers solutions for the community development needs of Ohio's cities and villages. This blueprint focuses on three policy areas:

1. **EMPOWER OHIO'S FAMILIES THROUGH HOUSING, FINANCIAL STABILITY, AND FOOD SECURITY**
2. **FORTIFY OHIO'S SMALL BUSINESSES AND MAIN STREETS**
3. **STEWARD RESOURCES EFFECTIVELY AND BUILD LOCAL CAPACITY**

The following members of the Rebuilding Ohio Coalition are committed to advancing this comprehensive platform for Ohio's neighborhoods and Main Streets.

- Cleveland Neighborhood Progress
- Economic Community Development Institute (ECDI)
- Finance Fund Capital Corporation
- Greater Ohio Policy Center
- Heritage Ohio
- NeighborWorks Collaborative of Ohio
- Ohio Capital Corporation for Housing
- Ohio CDC Association

POLICY RECOMMENDATIONS

I. EMPOWER OHIO'S FAMILIES THROUGH HOUSING, FINANCIAL STABILITY AND FOOD SECURITY

Eighty percent of jobs that are at high-risk of layoff due to the pandemic make less than \$40,000. People of color are over-represented in more than half of the jobs most vulnerable to lay off.

A comprehensive approach that stabilizes families will create the foundation to improve the quality of life in marginalized communities.

More than 35% of renting Ohioans believed they would not be able to make rent in August 2020. That number will grow—and costs on safety net services will increase—without intervention.

Financial empowerment and asset building tools for LMI families will contribute to community stability by creating residents that are financially independent, and avoid foreclosure/eviction risk.

Strong local food systems will improve access to healthy foods, eliminate food deserts, and provide entrepreneurial and employment opportunities in the food economy.

- **Fund Emergency Rental Assistance.** Historic job loss in Ohio due to COVID-19 is resulting in alarming rates of housing insecurity across the state, particularly among renters. While a number of communities instituted moratoriums on evictions, these moratoriums have mostly ended and renters are facing back payments they cannot pay. A \$100 million Emergency Rental

Assistance program targeted to those families economically impacted by the pandemic will prevent a massive wave of homelessness.

- **Establish the Ohio Financial Empowerment Fund.** Even before the COVID-19 pandemic, nearly half of Ohioans had no savings; through and after the initial pandemic crisis, that number will climb. Helping Ohioans get back on their feet will be essential. A State Financial Empowerment Fund would award competitive grants to non-profit organizations across Ohio that provide financial empowerment services, such as: housing counseling (ownership and rental), free financial counseling, employment assistance (e.g. overcoming the digital divide), money management training, debt reduction and credit improvement services, connections to safe and affordable banking opportunities, savings-building planning, and referrals to other needed services. These programs can help residents attain living-wage employment, boost their credit rating, maintain housing, and increase their net income and net worth.
- **Reduce food insecurity for Ohioans – support food retailers and distributors through Healthy Food for Ohio.** A task force of over 50 public and private stakeholders convened in 2014 to map, quantify, and tackle the lack of fresh, affordable food retail options in communities across Ohio. Chief among the policy recommendations of the task force was the creation of the healthy food financing program which launched in 2016 to provide healthy food retailers with flexible loan and grant capital to expand, create, or renovate existing fresh food retail operations. Healthy Food for Ohio is administered by community development experts uniquely suited to help grocers, distributors, and other food entrepreneurs navigate the slim profit margins and unique capital barriers of the healthy food retail landscape. State seed capital has been critical to leveraging dollars for land acquisition, predevelopment costs, construction, equipment, infrastructure, inventory, training, and beyond. Another low-cost way to support small businesses providing food access would be to expand online purchasing options for SNAP participants, currently only available through select national chain stores, to small Ohio food purveyors.
- **Criminal justice reform is critical to family and community stability.** The United States and Ohio's incarcerated population has swelled many times over since the 1970s. The U.S. imprisons five to 18 times more people per capita than other Western democracies. Historic inequities in the justice system have caused a disproportionate amount of incarcerated to be African-American and people of color. We know that having a history of incarceration often negatively impacts an individual's ability to rent or own housing, find meaningful employment and otherwise pursue a path of economic upward mobility. In addition to these negative results, incarcerated persons have a greater risk of being exposed to harmful viruses like COVID-19. During the pandemic, Ohio should consider decarceration strategies that promote public health and safety. Ohio should pass into law Senate Bill 3 that has the express intent to reform drug sentencing laws. More broadly Ohio should consider policies that prioritize rehabilitation and restorative justice over more punitive measures.
- **Create Targeted Neighborhood Homeownership Development Program.** Ohio has still not equitably recovered from the Great Recession and the pandemic shines a light on this disinvestment. The economic fallout will include an increase in foreclosures and displacement. In the last decade the state has rightfully invested hundreds of millions in demolition but unfortunately little has been available for the rehabilitation of aging homes to truly revitalize

distressed communities. The State, in a newly created “Targeted Neighborhood Homeownership Development Program”, should deploy modest gap resources for housing development that serve the public interest and are connected to a broader community revitalization or stabilization plan. The intent is to concentrate affordable single-family acquire/rehab/sell and/or new construction on demolished lots to maximize impact. The program would provide capital for creating affordable homeownership opportunities by helping to explicitly close the appraisal gap. These resources would also provide an opportunity to target and partner with minority-owned contractors and subcontractors that are underrepresented across Ohio’s residential construction industry.

- **Enact pragmatic regulations around land installment contracts.** Land installment contracts have long served as an alternative path to homeownership by allowing buyers to make direct payments to the seller over time until the house is paid in full. While fair land contracts have existed and do exist in Ohio, many more recent contracts are predatory and exploit vulnerable families who are liable to lose the home they are attempting to buy. The General Assembly should establish pragmatic regulations that protect buyers of land installment homes.
- **Create a state Low Income Housing Tax Credit.** Millions of federal funds are potentially being left on the table because the federal Low Income Housing Tax Credit program (LIHTC) has unwieldy, non-lucrative terms. A state LIHTC that complements the federal program would bring more affordable housing to market for seniors, workers, and low-income families.

II. FORTIFY OHIO’S SMALL BUSINESSES AND MAIN STREETS

Ohio’s entrepreneurs, microbusinesses and small businesses embody the spirit of innovation and self-sufficiency that makes the state so great. These businesses, and their employees, have been hit incredibly hard. The Ohio Restaurant Association reports 54% of members responding to a July survey believe they will close by end of 2020 if business does not improve for them. Other small businesses are similarly struggling. We will need to do much to restart these enterprises and Ohio’s economy.

Ohio’s historic downtowns and Main Streets are the heart of our communities where Ohioans gather, eat, shop, celebrate, and work. People and place-based investments will recharge our communities’ cores and expedite Ohio’s recovery.

- **Offer zero/low interest, patient, risk-tolerant capital to local intermediaries. Expand existing state business development programs.** A zero/low interest loan fund should be made available to Ohio’s network of Community Development Financial Institutions (CDFIs) to support targeted small business retention and creation, and catalytic real estate project in weak markets. Additional investments should be made in proven programs such as the Ohio Microbusiness Development Grant Program. Loan and technical assistance (TA) resources should be targeted to low-income and minority small businesses in distressed communities.
- **Establish the Job Creation Through Community Investment Program.** This program would create employment opportunities, support small businesses and startups, and increase self-sufficiency among Ohioans—particularly those with low- to moderate-incomes (LMI). The initiative will offer high-impact grants and address the economic needs of entrepreneurs and small businesses through the creation of sustainable businesses and job opportunities. By

providing flexible funding, the state program will support community efforts that drive the type of investment that is needed in Ohio. This program will provide a state alternative to and be modeled after the existing Community Economic Development (CED) federal grant program. Ohio grantees have several outstanding examples that have coupled job creation with addressing food deserts, remediating vacant properties and blight, and creating homeownership opportunities.

- **Improve the Ohio Historic Preservation Tax Credit to support rural Ohio** by increasing the credit amount to 35% for projects under \$5 million in communities with populations under 100,000. These tax credits have a proven return on investment to Ohio. They pay the state back a third of the credit in sales and income tax revenues before the project is completed. They also generate jobs, revitalize communities, and spur private investment, and help to attract and retain businesses and people. Since 2008, 405 historic buildings have been rehabilitated, injecting \$4.05 billion into the economy in over 70 Ohio communities.
- **Re-establish Clean Ohio “2.0” to accelerate redevelopment.** The flexibility of the original Clean Ohio Revitalization Fund spurred incredible redevelopment projects across the state and generated \$4.67 in new economic activity for every \$1 spent by the state. To jump start Ohio’s economy through construction, operations, and newly redeveloped real estate, we recommend re-funding the Clean Ohio Revitalization Fund with the liquor profits that JobsOhio returns to the state. Those revenues are about \$33M+ annually and are expected to remain steady or trend upward.

III. STEWARD RESOURCES EFFECTIVELY AND BUILD LOCAL CAPACITY

Investing in historically marginalized communities creates a better Ohio for everyone.

Multi-sector partnerships and building the capacity of the local non-profit sector will be critical to a lasting recovery rooted in equity and empowerment.

Recovery will be long and substantial, but patient resources that are stewarded effectively and wisely will accelerate Ohio’s return to vibrancy.

- **All newly created programs should require training for the release of funds.** To maximize impact of any new program, the state should require local government or nonprofit applicants to participate in at least a one-hour training webinar (per program) on how to effectively use programmatic dollars. These webinars might focus on how to effectively gather community input, how to align funding around a shared community vision, or how to maximize dollars by focusing on “tipping point” areas or projects.
- **All existing, newly and expanded programs should allow capacity-building consultants as an allowable expense.** Ohio’s local leaders are besieged and overstretched. They are exhausted as the crisis grind on. All existing, newly created and expanded programs should allow communities to utilize a portion of their grant or loan dollars for capacity-building consultants who can help communities creatively and strategically stretch every dollar they receive. Many local leaders were already beginning to think about their community’s long-term vision and priorities;

recovery funding that assists local leaders in that vision-casting and action-sequencing can help more projects be more effective, more quickly.

- **Establish Capacity Building Initiative for Local Non-profits Program.** The pandemic is certainly challenging Ohio's non-profit infrastructure and its ability to revitalize and stabilize low-income communities and communities of color. The pandemic comes after a decade of state/federal austerity with public investment not yet recovered to pre-2010 levels. The Initiative should provide funding for capacity building support for non-profits on the front lines and be flexible enough to benefit all types of non-profits that serve low-income and communities of color. The National Council of Nonprofits defines capacity building as, "Capacity building is whatever is needed to bring a nonprofit to the next level of operational, programmatic, financial, or organizational maturity; so, it may more effectively and efficiently advance its mission into the future. Capacity building is not a one-time effort to improve short-term effectiveness, but a continuous improvement strategy toward the creation of a sustainable and effective organization."

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