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Emergency Stabilization & Economic Recovery Recommendations



Smart Growth America
Improving lives by improving communities



**National Complete
Streets Coalition**

LOCUS



**Transportation
for America**

20 recommendations for emergency stabilization and economic recovery

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Introduction

The economic collapse brought on by the spread of COVID-19 has necessitated urgent action to protect our economy. With a \$2 trillion emergency stabilization package already approved, Congress and the administration will continue developing other economic recovery legislation over the coming weeks and months. They will continue to need to prioritize immediate, emergency steps required to avert economic disaster, and secondly, they need to focus on catalyzing a long-lasting recovery in the wake of this prolonged crisis. But we must invest wisely. We must not squander money investing in a way that fails to provide a foundation for long-term economic growth. Instead, funds must go to investments that build lasting economic prosperity and ultimately help all Americans have the opportunity to live in a place that is healthy, prosperous, and resilient.

While many sectors of our economy are in need of support, we encourage policy makers to provide support for the infrastructure and community revitalization programs that will protect the segments of the economy most at immediate risk and benefit local communities the most during the nadir of this crisis, while also building a foundation for long-term recovery.

Congress should support the following recommendations for stabilization and long-term recovery, separated into two broad areas: **(1)** Infrastructure investments, and **(2)** housing and community development investments.

(A) Infrastructure Investments

Strategic investments in infrastructure, public facilities and other development projects not only provide direct benefits but also support the value of the surrounding areas—providing high return-on-investment. But these investments must be targeted: Federal programs should first protect past public and private investments and invest in existing communities. This will benefit fiscally strained local governments by increasing tax bases and catalyzing development in areas already covered by local services, rather than forcing the expensive extension of sewer, water and other infrastructure into new areas.

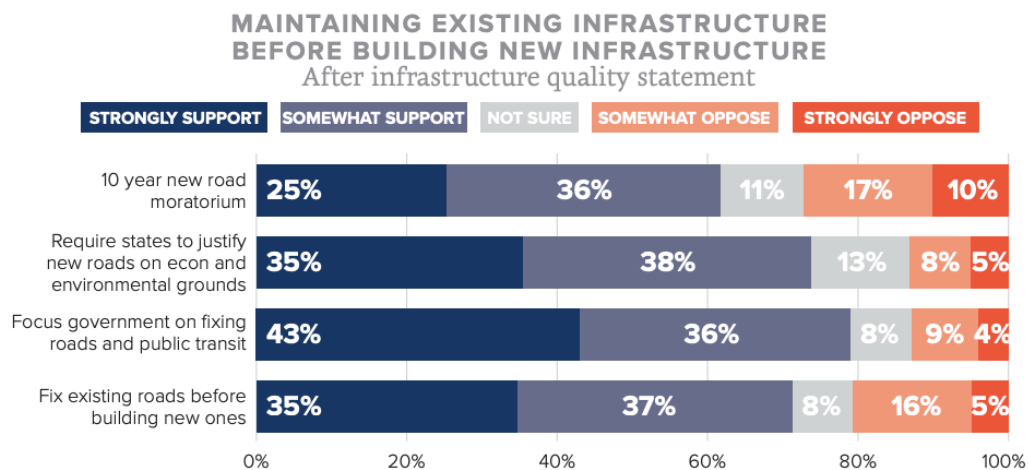
There are valuable lessons to glean from the 2009 American Recovery & Reinvestment Act (ARRA). As Congress tried to stimulate the economy during the Great Recession, states and metropolitan planning organizations (MPOs) received \$26.6 billion in flexible transportation funds intended primarily to save and create jobs. In 2011 Smart Growth America studied the ARRA spending to see whether states spent this flexible transportation money on projects that created the maximum number of jobs. The answer was largely “no.” Too many states failed to use ARRA transportation funds on repair or public transportation projects that would have provided the greatest number of jobs—short- and long-term.¹

Congress should support the following infrastructure investments to both stabilize the economy and provide for long-term recovery:

¹ Recent Lessons from the Stimulus: Transportation Funding and Job Creation. Smart Growth America, 2011. <https://smart-growthamerica.org/resources/recent-lessons-from-the-stimulus-transportation-funding-and-job-creation/>

1. Focus any infrastructure funds on projects that create the most jobs per dollar

Repair and maintenance projects spend money faster and create jobs more quickly than building new capacity. Maintenance jobs are open to more kinds of workers, spend less money on equipment and more on wages, and spend less time on plans and permits. New capacity projects also require more funding for buying costly property, which has little or no stimulative or reinvestment value, in addition to the fact that new roads create new financial liabilities with future repair costs. Roadway maintenance creates 16 percent more jobs per dollar compared to roadway expansion.² Repairing and maintaining our existing roadways and infrastructure would create thousands of good paying jobs across the country, and they are far more popular with the electorate as well. A recent poll conducted for Transportation for America showed that fully 79 percent of voters agreed that the government should fix existing roads before building new ones.³



- Congress should consider a fix-it-first provision for any flexible infrastructure dollars to bring roads, bridges and transit systems into a state of good repair while also creating the highest number of jobs possible.
- When repairing our infrastructure, we must also make the responsible choice and prioritize safety above all else: there is no reason to repair roads or bridges while leaving dangerous conditions in place that have led to a huge increase in the deaths of people walking over the last decade.

2. Operating support for transit to preserve jobs and services and provide essential transportation options in recovery

Heeding public health officials' advice, including "social distancing," is critical to slowing the spread of COVID-19 cases. But these essential practices are resulting in millions of transit trips not taken, profoundly affecting transit agencies' viability. Revenue from riders makes up a huge portion of transit agencies' budgets. At the same time, transit agencies are investing in extra cleaning supplies and protocols, leading to increased costs which exacerbate the budgetary pressure. State or local sales taxes that make up the other biggest share of their budgets will soon be cratering. In the hardest hit cities, transit won't survive through the pandemic without immediate emergency assistance. Millions of Americans rely on public transit. For many, transit service is the only way to access a doctor, pharmacy, job (including health care jobs), or childcare. This is especially true for many low-income people, communities of color, and people with significant cognitive and physical disabilities that rely on door-to-door paratransit service provided by local transit authorities.

² *Ibid.*

³ A Green New Deal for Transportation. Data for Progress, the Ian L. McHarg Center for Urbanism and Ecology, Transportation for America, and TransitCenter, 2020. <http://t4america.org/maps-tools/the-green-new-deal-for-transportation/>

It is also true for people who cannot afford to own a car, and seniors, youth, and others who cannot operate a vehicle. Funding to preserve and support this essential service must be included in any economic recovery bill.

- While Congress addressed the immediate need with \$25 billion in emergency support, continued ridership losses and additional research suggests that more resources will be necessary to ensure public transit agencies can continue to provide safe and reliable service.⁴ Additional targeted financial assistance for operations to ensure the continuation of safe and reliable service into the future—including when this crisis has subsided but agency budgets are still experiencing strain—will likely be necessary. The amount should be based on consultation with transit agencies across the nation to determine how much funding is required based on the estimated time of the crisis with provisions for added support should it be extended. But recent estimates from TransitCenter show that, depending on the extent of social distancing measures required, transit agencies will face an annual shortfall of \$26-\$38 billion.⁵ Operating support for transit must be included in any longer-term recovery package.
- Target emergency operating resources to transit agencies that need it the most, including those who do not receive federal and state formula funds.
- If any capital funding is provided through the existing transit formula funds, it should be in addition to direct operating assistance. During the Great Recession, the Recovery Act (ARRA) provided only capital funds for transit, which led to many agencies having to buy buses or railcars that they couldn't afford to operate.
- Additionally, protections must be put in place so that decreased ridership does not negatively impact transit agencies due to federal funding formulas that are based on a previous year's ridership totals.

Estimated Decreases in Transit Demand

AGENCY NAME	METRO AREA	NOW	MAR 23	MAR 22	MAR 21	MAR 20	MAR 18	MAR 17	MAR 16	MAR 15	MAR 14	MAR 13	MAR 12
United States		-68%	-70%	-62%	-62%	-62%	-71%	-54%	-46%	-32%	-32%	-28%	-21%
Adelaide Metro	Adelaide, AU	-67%	-63%	-49%	-39%	-41%	-71%	-36%	-14%	-2%	-27%	-18%	-11%
CDTA	Albany, US	-72%	-76%	-74%	-71%	-74%	-82%	-65%	-56%	-39%	-33%	-23%	-12%
The Ride	Ann Arbor, US	-87%	-88%	-83%	-79%	-85%	-88%	-79%	-76%	-52%	-57%	-50%	-44%
U-M Transit	Ann Arbor, US	-83%	-93%	-87%	-87%	-90%	-92%	-85%	-77%	-62%	-64%	-59%	-52%
MARTA	Atlanta, US	-53%	-61%	-50%	-47%	-44%	-62%	-42%	-37%	-28%	-23%	-18%	-13%
Capital Metro	Austin, US	-73%	-71%	-56%	-65%	-73%	-74%	-59%	-54%	-26%	-32%	-38%	-16%
MTA	Baltimore, US	-55%	-59%	-39%	-43%	-45%	-56%	-39%	-37%	-18%	-14%	-24%	-10%
Brockton Area Transit	Boston, US	-65%	-63%	-57%	-55%	-54%	-60%	-43%	-25%	-23%	-27%	-18%	-6%
MBTA	Boston, US	-79%	-74%	-64%	-65%	-66%	-71%	-58%	-43%	-32%	-34%	-34%	-24%
NFTA	Buffalo, US	-76%	-78%	-61%	-59%	-67%	-77%	-38%	-50%	-24%	-25%	-8%	-1%
Pacific Surfliner	California, US	-56%	-57%	-59%	-52%	-62%	-76%	-58%	-46%	-28%	-39%	-36%	-18%
CARTA	Charleston, US	-56%	-51%	-46%	-56%	-53%	-59%	-37%	-39%	-4%	-18%	-6%	-11%
Metra	Chicago, US	-70%	-73%	-63%	-65%	-66%	-78%	-60%	-45%	-30%	-31%	-21%	-18%
Pace Bus	Chicago, US	-69%	-71%	-55%	-61%	-64%	-77%	-58%	-43%	-21%	-26%	-22%	-18%
CTA	Chicago, US	-78%	-81%	-74%	-73%	-74%	-82%	-68%	-55%	-39%	-38%	-29%	-23%

Data from the transit app via <https://transitapp.com/coronavirus>

⁴ Estimated Financial Impact of COVID-19 on U.S. Transit Agencies: \$26-\$38 Billion Annually. TransitCenter, March 2020. <https://transitcenter.org/estimated-financial-impact-of-covid-19-on-u-s-transit-agencies-26-38-billion-annually/>

⁵ *Ibid.*

3. Put America to work maintaining transit

Public dollars devoted to making capital improvements to public transportation systems support thousands of manufacturing jobs, in communities small and large, in nearly every state across the country. Every \$1 billion invested in public transit creates more than 50,000 jobs and economic returns of \$3.7 billion over 20 years.⁶ The supply chain for public transportation touches every corner of the country and employs thousands of Americans who produce tracks, seats, windows, communications equipment, wheels, and everything else in between.⁷ More than two thousand manufacturing facilities and companies are tied directly to the manufacture or supply of new transit systems and repairs and upgrades to existing systems, employing tens of thousands of workers. The U.S. DOT estimates the transit maintenance backlog to be approximately \$99 billion, requiring an additional \$7 billion per year to eliminate the backlog over a 22-year period.

- Congress should substantially increase the formula public transit maintenance funds to a level that the Federal Transit Administration estimates will reduce the maintenance backlog in half.

4. Expand public transit

The transit Capital Investment Grant (CIG) program is the primary program supporting local communities expanding or building new public transit systems. Unfortunately, this program's limited discretionary funding (\$2.6 billion authorized) is not enough to support the over \$23 billion in projects already in the pipeline, and billions more in projects planned by local communities.

- Congress should reform the program to limit bureaucratic delays, improve and expedite projects, and increase funding to meet the demand. Reforms to limit delays include requiring the FTA to provide annual assessments of projects expected to advance to the next phase of the program, quarterly public updates on the status of all projects, annual reports on how delays in the CIG pipeline increase the cost of transit projects to local communities, and deadlines for the FTA to sign a grant agreement after it makes a funding allocation.
- To improve and expedite projects Congress should increase the federal share of projects to 80 percent (the same as roadways), expand eligibility to include projects that address operational bottlenecks and expand capacity to address crowding or serve new markets, increase the project threshold for Small Starts from \$300 million to \$400 million, and increase the federal share to \$200 million to address the rising cost of construction and to allow Small Starts projects to receive a similar federal cost-share amount as found in the New Starts program.



Photo courtesy of the Downtown Tucson Partnership.

⁶ “Economic Impact Of Public Transportation Investment.” American Public Transit Association. <https://www.apta.com/research-technical-resources/research-reports/economic-impact-of-public-transportation-investment/>

⁷ The benefits of transit investments reach communities from coast to coast. Transportation for America, 2018. <http://t4america.org/maps-tools/transit-supply-chain/>

- Congress should also create a \$6 billion per year formula expansion program, and a \$6 billion per year discretionary grant program for capital projects that improve access to frequent transit for low-income people. Both would require a 20 percent local share, and cut red tape for priority projects with a zero-based review.
- Finally, Congress should provide enough transit capital funding to meet the demand for projects currently in the pipeline.

5. Expand passenger rail

Passenger rail operators are experiencing a crisis similar to transit. Plummeting ridership and increased costs have decimated operating budgets across Amtrak's national network, state supported routes, and Northeast Corridor. While the \$2 trillion stabilization deal provides at least \$1 billion in urgent emergency assistance, continued ridership losses suggest that more resources will be necessary to ensure passenger rail service is available for those who rely on it today, and in the future. In addition, passenger rail also provides an unmatched opportunity to invest in our country, particularly in the economic revitalization of small and midsize communities. The Consolidated Rail Infrastructure and Safety Improvements (CRISI) program funds capital investments in rail infrastructure. The program, which expires this year, is funded by annual appropriations and awards one-year grants.

- To ensure the viability of this essential service, Congress should provide any additional operating support necessary, above what has already been provided, to respond to this crisis.
- To better connect people to opportunity, and put people to work, Congress should extend the CRISI authorization until 2030, provide \$2 billion per fiscal year to ensure adequate, long-term funding, and allow for multi-year grants.
- Congress should also promote regional collaboration to leverage the potential for investment in transformational projects across state lines. To do so, Congress should incentivize the creation of interstate passenger rail compacts like the Southern Rail Commission by providing operating funding to match local support and giving compacts preference in applying for federal grants.



Tens of thousands of people turned out in 2016 to see the first passenger train to travel the Gulf Coast since Hurricane Katrina, service that is on track to be restored thanks to the efforts of the Southern Rail Commission interstate rail compact, created by Congress. Photo by Stephen Lee Davis/Transportation for America

6. Unlock \$28 billion in community revitalization funds currently sitting idle

There is \$28 billion sitting idle that could support local government's efforts to accelerate economic development, including affordable housing and commercial development. Congress should extend the authority to use Railroad Rehabilitation Improvement Financing (RRIF) funds for transit-oriented development (TOD). S.2805, the TOD Advancement Act, would protect local communities' access to this critical federal tool by extending the sunset provision from December 4, 2019 to December 4, 2021, though we believe the sunset provision should be removed. This legislation would make billions of dollars available for local communities for economic development more quickly by providing policy guidance and removing regulatory barriers.



Photo by Jeff Wood, The Overhead Wire.

7. Give small or poorer communities quicker access to federal assistance

Federal competitive programs like BUILD have been a godsend for local communities, but many municipalities lack the funding or staff required to plan their projects or prepare elaborate applications for federal support. It can be challenging for a city or town that is struggling economically to fund the preparation of a competitive application for BUILD, even if they have a great idea for a worthy project. And without a guarantee of capital funding, many communities can't get support from their states to pay for planning or preparing an application.

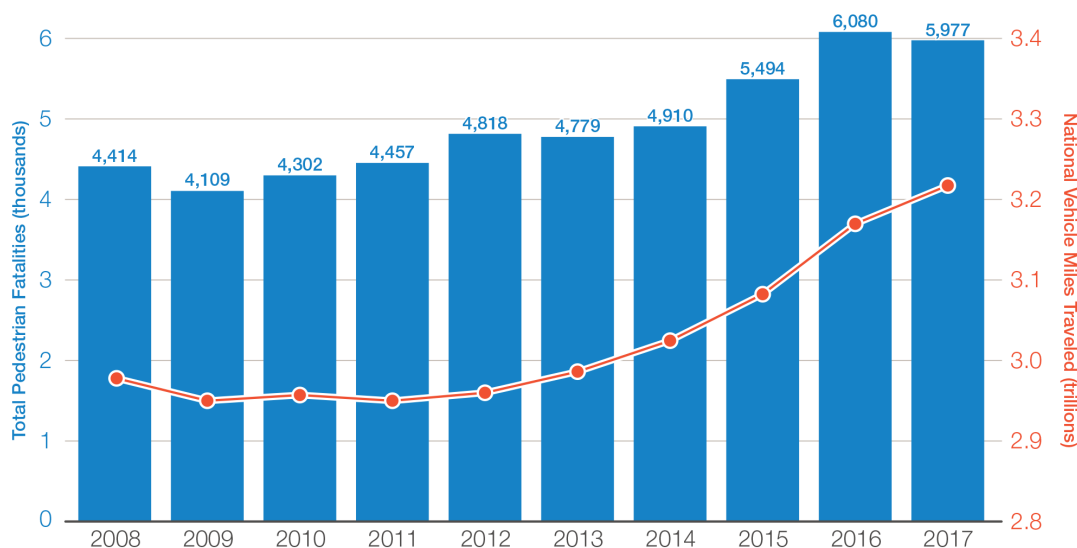
- Recovery legislation should level the playing field and ensure that more federal support goes to more communities, regardless of their size or economic strength, by simplifying the often complex application processes that force communities to rack up thousands of dollars in consultant fees or staff time just to apply.
- Congress should create an online, standardized, application for all federal discretionary programs such as BUILD, INFRA or USDA Community Development Grants. This would make these programs equally accessible to prosperous or struggling communities alike.
- USDA Community Facilities and Housing grants/loans funds should be distributed for COVID response according to producing best long term outcomes for local governments based on economically viable service provision. In applications, points should be awarded for proximity of new projects to existing GSA properties and ease of access for citizens, especially seniors, to required services. Required services include but are not limited to medical providers, educational services, grocery stores, and government offices.
- Congress should appropriate \$20 million to the Environmental Protection Agency's Integrated Environmental Strategies program for community technical assistance, with a portion set aside for rural communities impacted by the COVID outbreak. This technical assistance would be provided by third party non profits with a demonstrated expertise and ability in rural technical assistance. Applications for the technical assistance program to be delivered should be awarded points based on tribal, state, and local governments that can leverage public and private investments to maximize protection of environmental resources and improve economic conditions through locally led capacity building.

8. Prioritize safety and increase access to jobs and other essential services through investments in Complete Streets

For the economy to thrive, all Americans need to access jobs and other essential services, regardless of the mode by which they travel. When 40,000 people are killed each year on our streets—including a three-decade high in the number of people killed while walking—it's a drag on our economy. Complete Streets, which are streets that support biking, walking, driving, and taking transit, are critical to making sure people can get where they need to go safely, reliably, and affordably. These are safer streets, designed with all users in mind, that help local economies and small businesses thrive from increased foot traffic. Building Complete Streets also creates thousands of jobs, putting Americans directly to work on infrastructure.

- Congress should create a \$4.5 billion annual fund for Complete Streets projects and training for state departments of transportation and local agencies to build streets that are safe and economically prosperous.

Pedestrian fatalities have been steadily increasing. 2016 and 2017 were the most deadly years since 1990.



9. Expand broadband to disadvantaged, small and rural communities

The lessons from before and during the coronavirus outbreak have shown that in many, small, rural, or disadvantaged areas, telemedicine, telework, and other critical functions are impossible with the current availability (coverage) and quality (bandwidth) of internet service. Many poorer communities have limited access to broadband coverage or can't afford the limited options available—an issue currently highlighted by the inability of many school systems to run distance learning programs while schools are closed. Rural areas face obstacles to bring in broadband that cannot be overcome with any of the existing funding options. As an example, seven West Virginia counties submitted a joint application to the USDA ReConnect program—which provides loans and grants to local communities for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas—only to fail to meet the financial sustainability requirements, in spite of the additional scale of their joint effort. Individually, these counties are even less likely to qualify. This scenario is all too true across rural America. We also have

a limited view of just how widespread the problem is. Existing FCC surveys dramatically overstate coverage, often marking census blocks as “served” if they have only a single home served, even if the rest of the community is not. To provide better access and quality, and ensure rural communities can take advantage of available funding, Congress should:

- Increase the funding for USDA’s ReConnect Program to \$1 billion from \$550 million. This will support investments in cable and other infrastructure necessary to connect rural communities to speeds sufficient to support telecommuting, telemedicine, and distance learning (at least 25 megabits per second download speed).⁸ Of the increase, 30 percent (\$135m) should be geographically targeted to areas where mountains, water bodies, national and state parkland, and other obstacles make commercial provision of broadband exceedingly nonviable.⁹ Further, 10 percent (\$45m) should be set aside to allow local units of government in rural communities to better survey and understand the state of actual broadband connectivity within their jurisdictions. The remaining 60 percent (\$270m) would further efforts to connect rural areas.
- Provide \$100 billion to establish an Office of Broadband Access under the Economic Development Administration that would develop a national broadband connectivity strategy and award grants to implement the strategy to improve broadband access in disadvantaged, small and rural areas.

10. Create a national community retrofit program to encourage private investment

We face a tremendous backlog of infrastructure maintenance beyond just transit, roads, or bridges (see points #1 and #3 above), and public money is scarce and inadequate to the scale of need. Public financing for infrastructure associated with redevelopment can bring private sector money to the table. We believe Congress should create the following programs:

- *Local Infrastructure Rehab Loan Program.* Modeled after the Transportation Infrastructure Finance and Innovation Act (TIFIA), which generally funds new capital projects, this new program would provide low-interest loans, loan guarantees, or other credit for smaller scale projects (i.e., projects under \$100 million) funded through the Department of Treasury. Similar to the TIFIA program, the value created from new development would be a source of loan repayment. Eligible expenses for such a program would be limited to rehabilitating existing infrastructure to facilitate redevelopment, including: clearing and removing existing structures and obstructions; improving or upgrading public infrastructure including drinking water, wastewater, and electric and gas utilities; improving roads, sidewalks, and parks; and other infrastructure rehabilitation activities.



Flickr photo by Quinn Dombrowski. <https://www.flickr.com/photos/quinnanya/5636863202>

⁸ According to the state of North Carolina, 25mbps is the standard that they believe is needed to access these important services. https://www.ncbroadband.gov/wp-content/uploads/2017/02/NC-Broadband-Plan_2017_Online_FINAL.PNG

⁹ Lessons learned from efforts like USDA’s Cool and Connected program showed that areas bordered by mountains, rivers, state and national parks and forests face even steeper challenges that often prove insurmountable when building the business case for expanded broadband service. Read more about SGA’s experience with Cool and Connected here: <https://smartgrowthamerica.org/tag/cool-connected/>

- *Neighborhood Retrofit Grant Program.* EPA's Office for Community Revitalization has, through its technical assistance, worked with numerous communities to help them address new growth and growth in existing communities and new realities like climate mitigation and public health. It is clear that one of the greatest challenges we will face in the coming decades is the challenge of retrofitting the places we have already built to be more energy efficient, to provide more transportation and housing choices, and to reduce the water and air pollution hot spots they have created. Modeled on the Livable Communities Initiative in Atlanta, a retrofit grant program could offer dozens of planning/technical assistance grants to communities across the country, particularly rural and communities of color, to create retrofit plans (similar to PlaNYC) and then offer large implementation grants to those with the best plans. Implementation grants should be on the same scale as the USDOT Urban Partnership Grants (the final five cities in that program received a total of \$857 million). Grants on this scale would be enough to entice communities to change their development rules, incentives, and capital spending providing the EPA with real leverage against the investment.
- *Brownfields Expensing Tax Incentive and Grants.* With an estimated 400,000-600,000 brownfields sites throughout the United States, more tools are necessary to help promote the redevelopment of these abandoned or underutilized properties. Renewing section 198 of the Internal Revenue Service, the federal brownfields tax incentive that lapsed in 2011, would accelerate the cleanup of contaminated sites across the nation. This tax deduction allows for the expensing of all cleanup costs in the year incurred and serves as a powerful incentive to promote the cleanup of brownfields. Additionally, Congress should provide \$3 billion over five years for EPA's brownfields redevelopment grants program including the state brownfield cleanup programs, providing additional resources to states and local communities to reclaim and reuse abandoned and contaminated properties, to leverage additional public and private-sector redevelopment funds, and to increase the potential job creation and livability benefits of the brownfields program. According to the EPA, brownfields investment projects have leveraged, on average, almost \$17 in additional investment for every \$1 spent in federal funds.
- *Opportunity Zones Technical Assistance Program.* To attract talented employees, companies of all sizes are moving to communities with transportation options and vibrant neighborhoods with affordable housing, restaurants, nightlife, and other amenities within walking distance.¹⁰ Unfortunately, there is an increasing gap between American cities and towns that have the right infrastructure to attract investment and those that don't. This is made evident through Smart Growth America's research on Opportunity Zones (OZs). 98 percent of OZs lack the type of infrastructure needed to meet the market demand for employment in walkable places with affordable housing and transportation options and easy and reliable access to global markets, making it harder to attract new investment now and into the future. Congress should provide \$500 million to HUD and EDA to offer capacity building technical assistance for small, disadvantaged, and rural communities to coordinate their Opportunity Zones and economic recovery strategies.
- *COVID Recovery Technical Assistance.* The USDA, EPA, EDA, and HUD should create an interagency team to facilitate technical assistance to rural areas to aid their recovery from the COVID-19 outbreak. The technical assistance should help communities drive their recoveries to focus on affordable and economically efficient development that begins with understanding the factors that drive their financial metrics.

10 Core Values: Why American Companies are Moving Downtown. Smart Growth America, June 2015. <https://smartgrowthamerica.org/resources/core-values-why-american-companies-are-moving-downtown/>

11. Promote equitable transit-oriented development (TOD) and mobility

One of the most dramatic impacts of the COVID-19 pandemic has been the staggering drop in air pollution in many metro areas as automobile travel has been drastically reduced. Because car trips are the primary driver of emissions from the transportation sector, where and how homes and commercial properties are built matters for combating climate change and creating a viable transit system. Congress should require states, working in conjunction with metropolitan planning organizations or transit agencies, to develop a State Equitable TOD and Mobility Plan. This would identify areas in the state with a need for a comprehensive investment strategy to keep and revitalize existing neighborhoods and corridors while maintaining and enhancing housing and transportation affordability and creating equal opportunity for existing residents and businesses. For states that have developed an Equitable TOD and Mobility Plan, Congress should expand private activity bonds to support eTOD and mobility projects.

12. Require clear, transparent, accountable reporting for all recovery funds

In an attempt to stimulate the economy during the Great Recession, Congress awarded \$26.6 billion in flexible transportation funds intended primarily to save and create jobs. Oversight had a major impact: states did not start moving ARRA funds until USDOT ranked the speed of their spending. Because Congress required regular public reporting, Smart Growth America was able to closely study American Recovery & Reinvestment Act (ARRA) spending to see whether states spent this flexible transportation money on projects that created the maximum number of jobs.¹¹ In order to maximize the benefit of any spending and increase accountability, Congress should:

- Require state DOTs and transit agencies to report on how economic stabilization funds were spent.
- Require a GAO study on whether funds were directed to the projects with the most potential for job and industry stabilization.

11 *Ibid.*

(B) Expand Community Development and Housing Options

When it comes to boosting wages, expanding the middle class, and providing pathways out of poverty, housing, transportation, and access to education and job opportunities are vital. Housing and transportation costs make up approximately 40 percent of average household costs. But for households with incomes in the bottom 20 percent, their combined housing and transportation costs alone may exceed their average pre-tax income.¹² One of the best ways to help people lift themselves out of poverty is to provide more options for getting around—as commute lengths go up, the chances of upward mobility for low-income families goes down. Our infrastructure recommendations recognize that improving pedestrian safety and investing in transit and passenger rail will unlock opportunities for millions of people. And children living in neighborhoods that are economically integrated and well connected to jobs and opportunities through a range of transportation options are far more likely to become better educated and increase their income.¹³

When we prioritize making it easier and safer for everyone to get around in a community—rather than prioritizing cars moving at high speeds as an unmitigated good—people can more easily incorporate physical activity into their daily lives. Only about one-quarter of Americans get the recommended amount of exercise daily. This lack of inactivity has contributed to the obesity epidemic, yet we still build our communities in ways that discourage everyday physical activity like walking and bicycling. Today, communities with great access to walking, biking, and healthy amenities are in high demand, but unfortunately, long-time residents are being displaced from these healthy, walkable communities due to rising cost of living, while middle-income households cannot find housing they can afford. Unaffordable housing is one of the greatest barriers to economic prosperity.

This second set of actions below represent opportunities for Congress to help communities prosper and protect lower and middle-income families from losing value in their primary assets and means of building wealth.

1. Protect and expand the housing credit program

The Low Income Housing Tax Credit (LIHTC) is the principal way the federal government supports the construction and preservation of affordable rental housing. It's crucial that this mechanism be preserved and its allocation is increased by 50 percent. The Housing Credit program has a number of programmatic deadlines required under the Internal Revenue Code that could hamper the production of affordable housing during an economic downturn caused by the COVID-19. Smart Growth America and ACTION Campaign, of which SGA is a member, urge Congress to provide a one-year extension for three key program deadlines:

- *10 percent test deadlines.* Currently, at least 10 percent of the anticipated basis of a development must be expended within one year of the Housing Credit allocation. We propose temporarily extending this deadline to the end of the second year of allocation for properties that received Housing Credit allocations between December 31, 2016 and January 1, 2022.
- *Placed in service deadlines.* Buildings must currently be placed in service by the end of the second year after the calendar year of the Housing Credit allocation. We proposed temporarily extending this deadline to the end of the third year after the calendar year of allocation for properties that received Housing Credit allocations between December 31, 2016 and January 1, 2022.

¹² “2015 Consumer Expenditure Survey.” Bureau of Labor Statistics. <http://www.bls.gov/cex/2015/combined/quintile.pdf>

¹³ “The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates.” Chetty, Raj and Hendren, Nathaniel. 2015. Harvard University. http://www.equality-of-opportunity.org/images/nbhds_exec_summary.pdf

- *Rehabilitation expenditure deadlines.* These are currently required to be placed in service within 24 months. We propose temporarily extending the rehabilitation expenditures deadline to be met at the close of 36-months.
- Smart Growth America and ACTION also recommend that Congress enact a minimum 4 percent Housing Credit rate to bolster future production and preservation of affordable housing. With federal borrowing rates effectively zeroed out in response to COVID-19's economic impacts, the 4 percent Housing Credit rate is at an all-time low of 3.12 percent, and will likely dip even further next month. Enacting a minimum 4 percent Housing Credit rate would provide parity to the 9 percent Housing Credit rate, for which Congress enacted a minimum rate as part of the response to the 2008 economic collapse in recognition of the critical role of affordable housing in the recovery.

2. Remove the 401K tax penalty for COVID-19-incurred emergency housing and transportation costs

Many Americans have less than \$400 in savings to spend on unexpected expenses and will need immediate access to other assets to meet changing circumstances. Americans with 401K and other tax-deferred accounts should have easy access to these accounts for emergency costs such as housing and transportation costs without any tax penalty. This will enable taxpayers greater financial flexibility to navigate the COVID-19 crisis.

3. Increase federal funding for affordable housing and community development

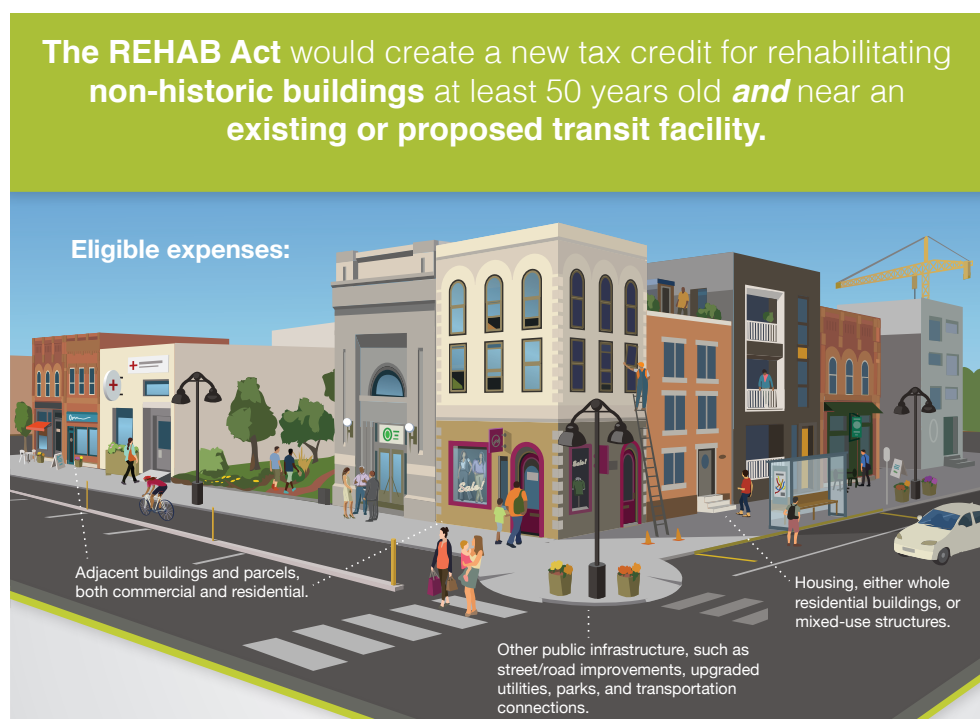
Robust funding for programs like Community Development Block Grant, LIHTC, and HOME Investment Partnerships Program—which provide the private sector and local communities the tools they need to stabilize and revitalize neighborhoods and towns into economically vibrant and healthy places—is needed now more than ever. We recommend the following:

- \$20 billion for supplemental HOME grants, which can be used for temporary project-based and tenant-based rental assistance, including for people experiencing homelessness. It is also important that HUD receive broad waiver authority so that HOME can be used for services associated with increased cleaning, food delivery fees for residents, and potential missed payments from tenants.
- Supplemental funding for Tenant-Based Rental Assistance (TBRA) and Project-Based Rental Assistance (PBRA). Even before the coronavirus crisis, the demand for HUD's TBRA programs far outpaced the availability of federal resources—a supplemental appropriation will help close this gap and ensure that households facing the prospect of quarantine and loss of income are stably housed for the duration of the public health emergency.
- A supplemental appropriation for Public and Indian Housing, in order to equip agencies on the ground with the funding they need to maintain safe conditions for residents during this crisis.
- \$35 billion for supplemental CDBG funds that allow for states and localities to reimburse themselves for extra costs of public safety; grants to nonprofits for homeless services, medical services, and temporary housing costs. This must be coupled with broad waiver authority, similar to that allowed for CDBG-DR funds, so creative new economic development grants and loans that create or preserve jobs for people at or below 80 percent of AMI are allowed.
- Increased supplies for shelters and service providers, by increased funding for the Office of the Assistant Secretary for Preparedness and Response.

- \$5 billion in Emergency Solutions Grants (ESG) funding to identify spaces for special populations to go to self-quarantine. ESG is not competition-based, and so the funds can move out the door very quickly.
- An increase in Continuum of Care funds for infectious disease preparation and response.
- An extended period of interest payments made on behalf of borrowers with forbore principal. For example, 90 days rather than just a one-time full mortgage payment.
- Assistance to low-income homeowners to pay property taxes and utility bills.
- Housing counselling and foreclosure prevention efforts.
- \$1 billion in new funding for the CDFI Fund, along with a moratorium on loan payments to the fund.
- Low-documentation Small Business Administration (SBA) grants for small business with demonstrated impact.
- A mechanism to ensure some SBA benefits provided by the government get passed on to employees.

4. Establish REHAB tax credit to revitalize downtowns and retrofit suburbs

Congress should support H.R. 6175, Revitalizing Housing, Economies and Business (REHAB) Act, which will quickly provide resources to retrofit communities into healthy and vibrant places in several important ways. First, by focusing on the rehabilitation of existing assets that are near public transportation, it will provide an important incentive to invest in our nation's downtown areas and small towns. Second, by including infrastructure upgrades in eligible project costs, it will encourage badly needed private investment in our public infrastructure. Third, by encouraging investment in attainable housing units in walkable communities, it will increase the supply of housing and promote affordability where it's needed the most.¹⁴



¹⁴ More information about the REHAB Act can be found here: <http://locusdevelopers.org/rehab-act>

5. Invest in public health and resilient communities

The resilience of main streets and economic centers are critical to the economic recovery of America. Communities will require assistance developing strategies to revitalize their communities as economically vibrant, walkable places. The Centers for Disease Control's Division of Nutrition and Physical Activity funds state health departments and national partners to provide technical assistance to communities to help them respond to challenges on main streets, create reliable transportation options to reach jobs, and rebuild their downtowns and other economic centers.

- Congress should provide \$500 million dollars to the Centers for Disease Control's Division of Nutrition and Physical Activity so that they can fund state health departments and national partners to expand their support to communities of all sizes in becoming resilient in the face of economic challenges.

6. Reduce barriers to housing by establishing home savings accounts

Establish individual mortgage and rental savings accounts to help Americans save for a first down payment or put money towards monthly rent. These housing accounts would direct an individual's pre-tax contributions into a savings account to help save for their first down payment, up to a specified total ceiling, or an annual limit if the funds are used for rental expenses. This change both reduces the de facto penalty we impose on renters (no tax deductions) and addresses one of the biggest barriers to home ownership: the down-payment.

7. Establish a renters' tax credit

Support for multifamily rental opportunities make up only 16 percent of total federal housing support, despite the fact that 35 percent of U.S. households are renters, a figure that is projected to increase in the aftermath of COVID-19. Many renters are also mid- to low-income, with a median income of \$30,934 compared to \$60,063 for homeowners. Congress should create a renters' tax credit to rebalance the federal financing of homeownership versus renters. This would also take steps to meet the unmet need for housing assistance among lower-income renters who see a significant amount of their income go to covering their housing costs. Specifically, a renters' tax credit would be allocated to states and metropolitan regions and be claimed by building owners and banks holding mortgages on rental properties. Eligibility would be limited to families with incomes at or below 60 percent (and in some instances 120 percent of AML. Families in units assisted by the renters' tax credit would only have to pay 30 percent of their income to rent.

8. Support middle-income housing

Establish a middle-income housing tax credit to preserve and enhance the ability for middle-income Americans to afford a home in the communities where they work. Rising housing costs—especially in the walkable, connected neighborhoods in high demand—are pushing home prices out of reach for many, but there are no programs to support middle-income earners and families, whether teachers, firefighters, or blue-or white-collar workers. This forces many individuals and families to “drive until they qualify,” which also can result in long commutes or relocation to areas with poor transportation options, driving up household expenses. This credit would target Americans that earn between 80 and 120 percent of an area's average median income. Together with other housing credits, this will assist communities and the private sector in creating more inclusive, economically vibrant, mixed-income neighborhoods.

Conclusion: Smarter growth can stimulate the economy and extend opportunity to all

As these recommendations make clear, spending more money can only succeed if it is invested wisely. As Congress and the administration work on economic recovery plans for the months and years ahead, it's important to remember the large role of housing, land use, and transportation in determining household costs, access to opportunity, and wealth accumulation. The federal government through its existing programs has enormous opportunities to help lower- and middle-income Americans enjoy the economic progress that the top half of wage earners have experienced for some time.

With the possibility of an infrastructure-focused stimulus at some point plus the looming expiration of the nation's transportation policy later this year, there could be momentum to marry the two into one multi-year stimulus and reauthorization package. To fully inform that type of more comprehensive effort, please refer to Transportation for America's three simple principles for any infrastructure investment (<http://t4america.org/platform/>) and detailed proposals for surface transportation reauthorization (<http://t4america.org/reauthorization/>).

About Smart Growth America: Smart Growth America envisions a country where no matter where you live, or who you are, you can enjoy living in a place that is healthy, prosperous, and resilient. We empower communities through technical assistance, advocacy, and thought leadership to realize our vision of livable places, healthy people, and shared prosperity. <https://smartgrowthamerica.org/>. **Transportation for America, the LOCUS Coalition of Responsible Real Estate Developers & Investors, and the National Complete Streets Coalition** are programs of Smart Growth America.

Credits

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