

Southland Equitable Recovery Stimulus Program

Private, civic and public sector leaders established the Southland Development Authority (SDA) to drive inclusive economic transformation across the Southland through facilitating broad cross-sector collaboration; developing mutually reinforcing strategic investments in business, housing, workforce and neighborhoods; and providing new institutional and financial implementation capacity. The extensive economic development programming that is underway will be needed more than ever to help come out of the current economic crisis. At the same time, the SDA and its partners are particularly well suited to – and the crisis demands that they – immediately focus on collaboratively developing and delivering programs to address the urgent needs of residents and businesses impacted by the pandemic. Extensive resources are being made available at the federal, state and local levels, but the outreach, infrastructure and technical assistance necessary to assure that they reach the people and businesses who need them most is not in place. *The SDA and its partners propose to play this role through the following Southland Equitable Recovery Stimulus Program.*

I. Overview

The current health pandemic and resulting economic downturn is moving the country quickly towards recession. Evidence suggests the recession could be as severe as 2008¹ or, even more likely, the Great Depression. As of April 3, 2020, the jobless rate was already at its highest since the Great Depression,² with over 10 million Americans applying for unemployment benefits just in the month of March and predictions of 20 million by July³ – the worst unemployment crisis in history.⁴ On April 6, it was estimated that the past two weeks have eliminated jobs created in the past five years.⁵ Small businesses have been drastically impacted; 26% (which employ 27.5 million Americans, collectively) are at “immediate risk.”⁶ Survey results indicate this is a low estimate; for instance, in Chicago, 51% of small business owners will not be able to continue operating in 0-3 months.⁷

The depth and duration of this recession cannot be approximated by those that have occurred in the past. Its dynamics are different and unknown – largely dependent upon the duration of social distancing and lockdowns. Based on very conservative estimates, in Cook County, as a result of the stay-at-home order, visits to retail and recreation have dropped by 58%, transit stations by 63% and workplaces by 45%, as compared to early-February baselines.⁸ Many workers are unsure if they will be able to return to the same industry, and global supply chains are poised to be drastically altered. This means that not only do recovery resources need to be delivered quickly – but the development of new resources and economic development programs needs to be nimble to continually address the emerging challenges and new opportunities.

¹ https://www.brookings.edu/wp-content/uploads/2020/03/es_20200330_covid_economy_transcript.pdf

² <https://www.nytimes.com/2020/04/03/upshot/coronavirus-jobless-rate-great-depression.html>

³ <https://www.washingtonpost.com/business/2020/04/02/jobless-march-coronavirus/>

⁴ <https://www.nytimes.com/2020/04/06/podcasts/the-daily/coronavirus-unemployment-crisis.html?showTranscript=1>

⁵ <https://www.nytimes.com/2020/04/06/podcasts/the-daily/coronavirus-unemployment-crisis.html?showTranscript=1>

⁶ <https://www.brookings.edu/research/how-local-leaders-can-stave-off-a-small-business-collapse-from-covid-19/>

⁷ Next Street, “Chicago: Small Business Financing Need and Proposed Response”, PowerPoint presentation.

⁸ Google, “Illinois Mobility Report,” prepared March 29, 2020.

As dramatically highlighted in recent headlines, ***poor and working-class households and communities, and particularly people and communities of color, are by far being hit hardest by this crisis – and the Southland includes the hardest hit communities in the region.***⁹

Focusing on inclusion will be critical to economic recovery efforts. We now know that inclusion is critical to sustained growth even in healthy economic periods.¹⁰ Faced with a devastating economic recession – it is even more critical to target recovery resources to underserved populations and distressed areas, which otherwise can take *decades* to recover¹¹ and hamper rather than help drive future growth.

The Challenge

A bewildering array of Federal, state and local resources is being quickly conceived for workers, small businesses, and homeowners. Yet the individuals and businesses who will be hit hardest by the recession often lack the time, expertise, and advisors (e.g., lawyers and accountants) to sort through programs, identify the right ones, complete applications and otherwise find the right help. For instance, the \$350 billion federal stimulus bill for small businesses is not expected to adequately reach underserved communities.¹² As companies race to receive available funds, those with accounting and legal guidance already in place are at an advantage, and the smallest and hardest hit may again be left behind.

While governments are creating and announcing a great number of recovery programs, a key challenge will be successfully reaching the businesses and people who most need these resources but lack the capacity to work through the requirements and application processes. In this time of crisis, a unified clearinghouse of information, resources and particularly infrastructure to reach and assist in providing access to the people who need it most is a key missing piece to assure equitable recovery. We must solve this “last mile” problem so resources effectively reach the people who need them.

In the South Suburbs, the challenge is magnified by municipal fragmentation and an uneven civic infrastructure. Dozens of communities are served by municipal governments of varying capacity, resources and technical expertise, multiple and overlapping chambers of commerce, organizations focused on housing or business sectors with inadequate scope to contend with the COVID-19 crisis, and a nonprofit sector requiring multiple agencies to deal with human and neighborhood needs across a large and diverse geography. The risk is that the South Suburbs will

⁹ See, e.g., “High rates of confirmed coronavirus cases emerge in south suburbs” (Chicago Tribune, April 10, 2020); <https://www.chicagotribune.com/coronavirus/ct-coronavirus-south-suburbs-chicago-20200410-jf7uz6jhdrbptpwuzthoulziei-story.html>

¹⁰ In the long term, regions with less inequity grow more sustainably – they do not waste as many assets, are more efficient and productive and reduce the costs of poverty. For more information, see: Manuel Pastor and Chris Benner, *Equity, Growth, and Community: What the Nation Can Learn from America’s Metro Areas*, California: University of California Press, 2015, available at <https://doi.org/10.1525/luminos.6>; “The Changing Dynamics of Urban America,” Cleveland: *CEOs for Cities*, 2004, available at <http://rw-ventures.com/the-changing-dynamics-of-urban-america/>; Jonathan D. Ostry, Andrew Berg, and Charalambos G. Tsangarides, “Redistribution, Inequality, and Growth,” IMF Staff Discussion Note, April 2014, available at www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf; OECD Directorate for Employment, Labour, and Social Affairs, “Does Inequality Hurt Economic Growth?” *Focus on Inequality and Growth*, 9 (December 2014); OECD, *In It Together: Why Less Inequality Benefits All*, May 2015, available at www.oecd.org/social/in-it-together-why-less-inequality-benefits-all-9789264235120-en.htm.

¹¹ https://www.brookings.edu/wp-content/uploads/2020/03/es_20200330_covid_economy_transcript.pdf

¹² See, Next Street, “Chicago: Small Business Financing Need and Proposed Response”, PowerPoint presentation (2018 data indicates that 5% of SBA 7(a) approvals were received by Black business owners and 9% by Hispanic owners).

suffer more for lack of the coordination and capacity to deal with such a fundamental challenge. ***This is precisely why Southlanders came together to create the Southland Development Authority.***

SDA Role

Chicago's Southland is an area that has experienced severe disinvestment and declines in jobs and household incomes in the last several decades and will certainly be hit disproportionately harder in the next few months. The SDA was conceived for the purpose of helping develop, coordinate and deliver transformative, inclusive economic development, including acting as a clearinghouse and convener of resources, and supporting civic, government and business collaboration across the Southland.

Through its Civic Working Groups in business, workforce and neighborhood development, the SDA already engages hundreds of organizations and individuals across the Southland and the region, and will be able to leverage this reach for economic recovery work. Through intergovernmental agreements and partnerships, particularly with the South Suburban Mayors and Managers Association (SSMMA) and the South Suburban Land Bank and Development Authority (SSLBDA), the SDA also engages as partners approximately 45 municipalities and quasi-governmental agencies, with Cook County government as a lead founder and partner. The SDA with its partners also operates the Illinois Small Business Development Center at SSEGI (Southland SBDC). Finally, of course, the SDA already has a series of highly relevant initiatives underway (see [SDA Fact Sheet](#)) – ranging from a major job creating food manufacturing park to employer assisted housing.

The SDA will proceed with its mission to coordinate, conceive, finance, partner in and manage implementation of the South Suburbs' long-term economic growth strategy, but will re-prioritize and adjust its work underway to deliver short- and medium-term programs for equitable economic recovery. **The SDA will coordinate – with its private sector partners, civic partners, residents, cities and villages – to create and deliver a Southland Equitable Recovery Stimulus Program, leveraging the Southland's current assets, securing additional resources, and positioning the region for recovery and long-term economic growth.**

At a high level, the Program has three components:

1. Outreach and Clearinghouse. The SDA will build from its current work and partnerships to inventory and organize the organizations offering services to people in the Southland related to addressing the crisis, and undertake extensive outreach to residents and businesses to connect them to the particular services they need (e.g., small business, employment, housing, etc.). Through addressing this “last mile” challenge, the SDA will enable the equitable delivery of recovery resources in a coordinated, focused fashion that minimizes gaps in coverage while maximizing the reach of those resources.
2. Small Business Technical Assistance. Reaching small businesses and providing responsive, high-quality technical assistance to help them get the resources they need to survive is perhaps the most urgent need which the SDA is particularly well-suited to address, through its Business Working Group and its SBDC. This is the major new proposed activity which the SDA itself would drive, staffing up with small business TA

providers and creating an on- and off-line platform to reach businesses and connect them to help.

3. **On-Going Economic Development Projects.** All of the rest remains important – and some of the pending work, while on a slightly longer time frame, is directly relevant to addressing the crisis and recovering from it. The Program below prioritizes key medium- and longer-term projects which create jobs and prepare workforce for them, revitalize housing markets, and otherwise help assure a robust recovery in the Southland.

The SDA is currently staffed through a services agreement with RW Ventures, LLC, which provides support from its own staff as well as managing other independent contractors dedicated to SDA work. An additional full-time dedicated staff person, who manages the working groups and broader civic engagement, among other tasks, is housed at South Suburban Mayors and Managers Association. This proposal seeks funding for additional staff support and related costs to undertake the inventory and clearinghouse functions, and particularly to launch the small business TA program described below.

II. Proposed “Southland Equitable Recovery Stimulus Program”

The proposed Southland Equitable Recovery Stimulus Program is segmented into short-, medium- and longer-term initiatives.

- **Short-term** – Immediate business, housing, workforce, and other interventions that directly respond to the crisis.
- **Medium-term** – Ongoing work of the SDA that is now prioritized given the economic crisis, or, new work to address the crisis with a longer timeline to roll out than short-term initiatives.
- **Longer-term** – The SDA’s planned longer-term strategies to drive transformative economic development in the Southland are needed now more than ever. As the programs, priorities and nature of the crisis unfold, the SDA will nimbly adapt and work with Southland residents and communities to prioritize longer-term initiatives that best address the challenges and opportunities of the recovery.

Summary of Program Elements

High-level summaries of short-, medium-, and longer-term initiatives are listed below. Some of these are implementation-ready, while others represent possibilities for the SDA and partners to pursue, dependent on availability of resources. The proposal is to launch immediately the short-term small business assistance summarized below, building from the SDA’s business development committee and Southland SBDC. At the same time, the SDA would begin playing an inventory, coordinating (getting businesses and households matched with the right partner to assist them) and resource role, beginning with this short survey (still in process): <<https://www.surveymonkey.com/r/Y6ZGG3Y>>. The programs below that partners would be scaling up would get underway based on responses to the survey, partner discussions and further program development, and availability of resources.

Note that the SDA will be continually working with an expanding list of partners to add new programs to this list as the nuances of this economic crisis continue to be revealed. The current [Southland Economic Transformation \(SET\) Fund](#) grant process, which recently received nearly 60 proposals, provides another powerful avenue for identifying new initiatives that address workforce, small business, industrial development, and housing needs in the Southland. For example, the SET Fund review teams have already identified several proposals which, with curation, could help address immediate homeowner needs during the economic downturn.

Short-term initiatives

- **Small Business Assistance** – Small business assistance funds are unlikely to be connected to the business owners who need them most due to the confusing and incomplete information being made available about varied resources, the difficulty identifying the right ones for which to apply and the challenges of preparing and submitting applications or otherwise participating. Black-owned businesses face exceptional challenges.¹³ Because the emergency loans and Paycheck Protection Program may soon be exhausted based on the timing of requests, and because many small businesses do not have relationships with SBA 7(a) lenders, the SDA will immediately lead a sub-partnership of each of the business assistance groups and Chambers in the Southland, convened through the Small Business Civic Working Group (including SBA Lenders: the Regional Development Company, ACCION, Chicago Community Loan Fund, Somercor, and others) and the Southland SBDC, to inventory available resources (including recruiting bank partners) and reach out to small business owners to connect them to the right ones. The Southland SBDC staff will be expanded to hire loan brokers and packagers who pre-screen applicants and put applications together (which would also help alleviate capacity issues for the partner CDFIs). Essentially, staff will connect business owners with the right resources, host virtual meetings to answer questions, and help business owners complete applications for government programs, particularly the CARE Act programs and anticipated State and County counterparts.

The SDA will play a coordinator role for initiatives where our Working Groups and other partners are driving the creation and expansion of their programs. For these, the SDA's ability to maintain a clearinghouse of up-to-date programs and points-of-contact and conduct outreach to match the right residents and businesses to these programs will be the most critical immediate value-add. To the extent capacity and resources permit, we will also work with partners to help coordinate and scale their programming.

- **Housing Market Support** – Many homeowners will face immediate challenges in making mortgage payments in the short-term. Therefore, working with Neighborhood Housing Services (NHS), South Suburban Housing Center and other partners from the Housing Civic Working Group, the SDA will expand proven homeowner counseling programs to help renegotiate mortgages or work with banks for payment holidays or term extensions. The SDA with partners will conduct outreach to Southland homeowners to disseminate information about current programs and new program expansions, and provide support to enable people to stay in their homes as they face mortgage and foreclosure challenges. This will preserve the stability of neighborhoods and ultimately

¹³ See, e.g., <https://www-nytimes-com.cdn.ampproject.org/c/s/www.nytimes.com/2020/04/10/business/minority-business-coronavirus-loans.amp.html>

enable a better economic recovery.

Renters, as well as small landlords, will need assistance too, and the SDA will work with partners to explore how best to build programming to identify and connect them to existing resources and to develop new resources.

- **Addressing Unemployment** – There are a staggering number of newly unemployed individuals from certain industry sectors – but also a number of other sectors which need to hire staff to support increased short-term demand. The SDA will facilitate the expansion and coordination of workforce programs that connect people experiencing unemployment to places needing workforce (e.g. UPS, Amazon).

More broadly, the SDA with its Human Capital Civic Working Group partners and key organizations (such as the Chicago Cook Workforce Partnership) will develop an inventory of the services available through, and populations served by, the Southland's workforce organizations, help reach out to the unemployed to connect them to the right services, and if capacity permits, help develop new resources, including potentially a fund to support gig economy workers, and help facilitate immediate access to new job training programs.

Medium-term initiatives

The initiatives below are initial proposals and will be refined as the dynamics and impacts of the economic crisis continue to evolve, funding is secured, and further partner feedback is received.

- **Small Business Capital Pool** – Recovery funding is likely to be inadequate and leave gaps in the survival needs of many small businesses. The SDA will build a capital pool to make working capital investments in local small businesses – serving as patient capital to help keep owners in their business and employees on payroll. Over time, the SDA may create an angel network to assemble additional funds.
- **Housing Loans** – The SDA and its partners will accelerate work on a new three part program to revitalize the Southland's single-family housing market, including: (1) securing and clearing the title and taxes on abandoned and foreclosed homes; (2) providing financing for local rehabbers; and (3) providing financing for new buyers, including down payment assistance. The first action is immediate, through expanding SSLBDA work, and the second and third will follow as we start to come out of the immediate crisis.
- **Supply Chains** – Global supply chains have been disrupted, as factory production has ceased, and international transportation has been significantly slowed. This creates the need and opportunity over the medium- and long-term to instead build the capacity of local and regional supply chains. The SDA programs to do this in the MME industry will be accelerated, as will its SBDC work with CASE to engage large regional corporations in local purchasing.

Longer-term initiatives

The SDA will coordinate and connect short- and medium-term initiatives with longer-term strategies – and ensure that immediate initiatives are not operated in a silo but instead are

mutually reinforcing and strategically lay groundwork for the longer term work moving the Southland through economic recovery towards inclusive economic growth. These include, among many others:

- [Food Innovation Park](#)
- [Southland Metals, Inc.](#)
- [Center for Digital Logistics](#)
- **Employer-Assisted Housing**
- **Transit-Oriented Development**
- **Employer-Driven Sectoral Apprenticeship Programs**

See <<https://www.ssegi.com/>> for much more detail on these and other initiatives.

III. Next Steps

As immediate next steps, the SDA will:

1. **Raise additional funds** – Fundraise for immediate initiatives, for SDA and supporting partners, and in addition to create pools of capital to support roll-out of the medium-term initiatives.
2. **Outreach and Inventory** – Reach out to the SDA’s Civic Working Groups (Business; Human Capital (workforce); Housing & Neighborhood Development) and beyond to engage all partners in the Stimulus Program by creating an inventory of resources, and associated organizations and contacts. This will inform reaching out and providing technical assistance to Southland businesses and residents (in addition to being made available via town hall meetings, social media platforms and the SDA website).
3. **Partner and Staff up** – Initially for the short-term small business initiative, identify lead partners, and through the SDA or partners as appropriate secure the right staff to roll out each program (e.g., program managers, outreach coordinators, business technical assistance providers).
4. **Organize broader outreach to all businesses and residents, including town hall meeting(s)** – Create the agenda, line up presenters, provide outreach material, and host one or more virtual community meetings. These town hall meetings will announce the Southland Stimulus Program, introduce partners, and begin the Small Business Assistance initiative and other short-term initiatives. These meetings, coupled with the outreach and inventory, establish a pattern of engagement that can build into an iterative listening and learning mode to ensure responsiveness to Southland community needs and ultimately facilitate moving from equitable recovery to inclusive growth.