



USI | URBAN STRATEGIES, INC.

Choice Stimulus Letter

April 13, 2020

Dear Congressional Representative:

The federal government continues to put its resources behind the response to the coronavirus (COVID-19) pandemic. Most recently, Congress approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act to battle the harmful effects of the COVID-19 pandemic. The \$2 trillion package builds on the two former pieces of legislation by providing more robust support to both individuals and businesses, including changes to tax policy. The CARES Act is a positive step forward to provide economic relief to individuals and businesses facing hardship due to this crisis, but there is a critical need for the Choice Neighborhoods Implementation program to be included in the next relief package.

Choice Neighborhoods is a comprehensive approach to the transformation of disinvested, isolated communities with distressed subsidized housing and concentrated poverty into healthy neighborhoods with economically diverse high-quality housing, well-functioning services, high quality public schools and education programs, high quality early learning programs and services, economic development, commercial activity, public transportation and improved access to jobs. The lofty goals of the Choice program are achieved through a holistic approach that addresses three core components of a community: 1) Housing, 2) People, and 3) Neighborhood.

The Choice Neighborhoods approach has demonstrable results. In addition to the improvement of housing conditions for low-income residents and providing desired housing options for higher-income residents, each of the completed Choice Neighborhoods show a reduction in crime, increased employment rates, including an over 100% increase in average income in both the San Francisco and Philadelphia sites, higher educational achievement, better health outcomes and increased social ties. Although each award is only \$30 million dollars in federal grants, each development leverages more than seven times the original amount in investment. The current CNI grants (awarded 2013 through 2018; 2019 awardees will be announced soon) include some of the communities expected to be some of the hardest hit by both viral and economic hardship in their respective cities; Philadelphia PA, Pittsburgh PA, Atlanta GA, Kansas City MO, Memphis TN, Milwaukee WI, Sacramento CA, Boston MA, Camden NJ, Denver CO, Louisville KY, St Louis MO, Baltimore MD, Flint MI, Phoenix AZ, Shreveport LA, Tulsa OK, Newport News VA, Norfolk VA, Omaha NE.

Their residents and communities are already facing increased educational needs and disparities, higher morbidity and mortality, food insecurity, and high unemployment. The projects are facing construction delays, an average of 25% increase in insurance premiums, an increase in construction pricing and decreased regulatory capacity due to stay at home orders. For the projects awarded from 2013 to 2019 that is over \$6 billion brought into disinvested communities. By amplifying the investment and extending deadlines in this proven and targeted program, Congress can ensure continued supportive services and economic relief to some of the communities most deeply affected by COVID19.



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In addition to the need for extra funding for supportive services, referred to within CNI's as "the people component", the CNI projects are facing substantial challenges meeting deadlines due to slowed from supply shortages due to factory shutdown or in the case of Philadelphia and Pittsburgh a state-wide total halt on construction. Unlike CBDG Home, HUD CNI program has a 5-year statutory limitation which ends on September 30th of this year for both Pittsburgh and Philadelphia awardees that only congress can extend.

To ensure current grantees can respond to the housing, supportive services and resource needs of families further stressed by the current pandemic, we request the following:

- 1) A **12 to 18-month time extension** on deadlines for all current CNI grants (FY2013 – FY2019). This extension will allow time for grantees to complete the identified activities outlined in project timelines and respond to changing financial and construction markets and delays caused by COVID19.
- 2) An additional **\$250 million** to be distributed to implementation grants recipients from 2013 until 2019 to with 5% allocated to administration, 15% allocated to the People component, and 80% to cover additional construction costs, delays and additional resources to cover supportive services and coordination.

We are optimistic that policymakers can build on the current CARES Act to ensure grantees are able to achieve project goals and provide essential services to beneficiaries of the Choice Neighborhoods program. These additional resources would continue to drive local innovation and development in these neighborhoods further expanding the amount of total local and state resources leveraged towards building inclusive, vibrant neighborhoods of opportunity. Thank you for your consideration of these funding needs and time extensions.

Sincerely,

Esther Shin, President