

American Rescue Plan State Fiscal Recovery Fund Recommendation Cover Sheet

Please submit this document with any recommendations for funding from Rhode Island’s allocation of federal fiscal recovery funds available through the American Rescue Plan Act. This information will be made available to the public along with any detailed documents submitted that describe the proposal. It is encouraged that such documents identify clear goals and objectives and quantifiable metrics.

This is not a formal request for funds, and submission of recommendations does not guarantee a response, public hearing, or appropriation from the General Assembly.

Name of Lead Agency: Local Return

Additional agencies making recommendation (if applicable): _____

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Brief Project Description (attachments should contain details)

We have offered ten specific actions that could build community wealth through investment and ownership.

Total request: \$ TBD

One-time or Recurring Expense? TBD

ARPA Eligibility Category (check all that apply) – See link for further information

<https://www.rilegislature.gov/commissions/arpa/commdocs/Treasury%20-%20Quick-Reference-Guide.pdf>

- Respond to the public health emergency and its economic impacts x
- Premium pay to eligible workers _____
- Government services/state revenue replacement _____
- Water/sewer/broadband infrastructure _____



A \$2.6 billion downpayment: How Rhode Island could use ARPA money to build community wealth and resilience

Submitted by Local Return's Board of Directors: Sue AnderBois, Josh Daly, Jessica David, Carmen Diaz-Jusino, Raul Figueroa, Lisa Raiola

Congress passed the \$1.9 trillion American Rescue Plan Act (ARPA) to “help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.”¹ The ARPA consists of over 84 unique programs distributed across 19 federal agencies. Rhode Island will receive more than \$2.6 billion through state and local aid and targeted investments.²

This money presents an unprecedented opportunity for our small state. While the allocation processes aren't very transparent, state and local leaders are making decisions now on how these funds should be allocated. These are momentous decisions with the potential to change lives for years to come.

In the spirit of laying the foundation for a strong and equitable recovery, Local Return offers the following ten examples of potential community wealth-building investments that could be made on the state or local level using ARPA funds. (These suggestions build upon the [eight principles](#) we previously shared.)

- **Individual Development Accounts:** IDAs are savings accounts that help people build assets, achieve financial sustainability, and pursue long-term goals. People can use IDAs for buying a home, starting a business, paying for school, or more. The money contributed to an IDA is matched 1:1 or 2:1, helping individual savings go further.

For example, the Genesis Center / Pawtucket Credit Union [Keys To Success](#) IDA helps people match up to \$2,000 in savings for the purchase of a reliable vehicle.

- **Local Currency Stimulus:** Municipalities could give a direct stimulus payment to residents through a local currency vehicle that could be used at locally-owned businesses. This would supercharge the benefits of a “buy local” campaign and keep those stimulus dollars circulating in the local economy, creating a multiplier effect.

For example, in Rhode Island, [Bonus Bucks](#) increase the spending power of shoppers using Supplemental Nutrition Assistance Program (SNAP) benefits at

¹ Treasury.gov

² Economic Progress Institute of Rhode Island

farmers markets by providing a 100% match on grocery purchases to spend on fresh fruits and vegetables. Tenino, Washington launched a [local currency](#) early during the pandemic. The city of Boston is working with Colu on the [B-Local App](#), which provides rewards for shopping locally.

- **Local Economy Preservation Fund:** The impact of the pandemic on local businesses is still playing out. Businesses may continue to close, or out of state corporations or investors could scoop up struggling businesses. Preserving these local assets and jobs is critical.

For example, the Democracy Collaborative and Council for Development Finance Agencies have developed a public funding model called a [Local Economy Preservation Fund](#), which would make equity investments in local companies that were viable pre-COVID and will be viable afterward, place them in a holding company, and provide an exit to community ownership in the recovery. LEPFs would emphasize ownership by people of color, employee ownership, or local ownership that stays local.

- **Exit to Employee and Cooperative Ownership:** With our aging population, Rhode Island is facing a silver tsunami. In the coming years, small business owners will be retiring without clear succession plans, particularly in key industries like manufacturing. Employee ownership is a sound model for succession planning. Worker-owned cooperatives have been proven to reduce inequalities in the economic system. Dedicated funding, outreach, and technical assistance should be dedicated to business owners interested in exiting to local, shared ownership.

For example, the [Ohio Employee Ownership Center at Kent State University](#) provides technical assistance, training, and outreach to business owners looking to exit their business and sell to their employees. The Small Business Development Center and Polaris Manufacturing Extension Partnership, both located within the University of Rhode Island, are natural partners to lead such an effort in Rhode Island.

- **Community Equity Fund:** Access to capital is a major barrier to business ownership for entrepreneurs of color and those in low-income communities, who often don't have friends or family who can invest early, high-risk equity. They are limited by relying more on bootstrapping, debt, and predatory vehicles. A community-based equity fund that focuses on entrepreneurs who don't have access to traditional financing would fill a strategic gap in our ecosystem and allow these business owners to start or grow their businesses.

For example, the Eagle Market Streets Corporation in Asheville, North Carolina, is creating the [Community Equity Fund](#), an innovative opportunity for small person-of-color-owned businesses experiencing barriers to traditional operating capital that offers non-traditional operating capital.

- **Community Property Ownership:** Real estate ownership is a key wealth creation strategy, but it requires money. The “post-COVID19 land grab”³ has begun, and we know that speculative property owners can dramatically change the character of communities. There are promising models (such as cooperatives, community land trusts, and real estate investment trusts) that allow small dollar investors to pool their resources to purchase, hold, and develop land or buildings for commercial or residential use. This collective buying power can help preserve local ownership and long-term affordability in places that are ripe for speculation. One particular area of focus should be on innovative, low-risk commercial spaces to support inclusive economic development. While it might take time to establish community ownership structures, governments could purchase and land bank key properties.

For example, the [Sawmill Community Land Trust](#) in Albuquerque, New Mexico, develops retail, commercial, and light industrial spaces that benefit the community with job creation and needed services.

- **Social Infrastructure Grants:** Communities that have experienced disproportionate impact from COVID should look inward to the assets (e.g. land, environment, industries, community partners) that exist within their places. Available funds could help provide grants to block clubs, neighborhood associations, and nonprofit organizations to improve vacant or neglected properties and put them to use for community gardens, farms, or pop-up shops.

For example, in Montreal, a partnership between the city and Regroupement des Éco-quartiers helps residents transform neglected alleyways into [ruelles vertes](#), beautiful spaces for community.

- **Home Repair Grants and Loans:** Aging and low-income homeowners may struggle to keep up with necessary home repairs, leaving them vulnerable to housing instability and loss of assets, and meaning their homes become susceptible to investors who want to flip the properties. State and local programs could make no-interest loans or grant funds available for home repair to preserve naturally occurring affordable housing and local ownership.

For example, we could extend the economic benefit to Rhode Island by linking homeowners in need of services with graduates of the Building Futures construction pre-apprenticeship program and similar efforts.

- **Support for Business Districts and Commercial Corridors:** Let’s look beyond individual businesses to their environments. We saw tremendous ingenuity by businesses, neighborhoods, downtowns, commercial districts, village squares, and towns in taking community and business outside during the pandemic. Now is the chance to deepen and sustain some of those changes. Funds could be used to reactivate vacant spaces for community or business use, market

³ Phrase borrowed from Nikishka Iyengar and John Haines, [Next City op-ed](#).

businesses within a district, make physical improvements to the outdoor infrastructure, host special events, activate alleys, pursue economies of scale, establish business improvement districts, or better link commercial spaces. To be clear, funding is needed for ongoing programming and maintenance, as much or even more than capital improvements.

For example, Rhode Island could reinvigorate and grow the [Main Street Streetscape Improvement Funds](#) from 2016-2018.

- **Wireless networks in low-income QCTs:** With work, school, government, and healthcare going remote, COVID proved that reliable, quality internet is crucial community infrastructure. Funds can be used to improve access to affordable networks.

For example, ONE Neighborhood Builders created [ONEINB Connects: Community WiFi](#), a mesh WiFi network that covers 5 million square feet of Olneyville (about half the neighborhood and roughly two-thirds of all neighborhood residents).

These are just ten examples of specific investments that could keep federal recovery dollars circulating longer and multiplying more in Rhode Island, leading to deeper and broader benefits for Rhode Islanders. **We strongly urge state and local officials to prioritize investments like these that address long-standing wealth gaps.** Wealth matters because it leads to resilience, one's ability to withstand challenges, persist, and adapt. While COVID did not discriminate, wealthier households had more options to stay safe and recover.

One last note: **Investments should be strategically woven together and targeted to (and, importantly, implemented in partnership with) the most historically marginalized communities.** Not surprisingly, the communities hardest hit by COVID are also those which have the largest and most long-standing disparities in health, economic, and social outcomes. We should follow Treasury's lead and start with the 52 Qualified Census Tracts in Rhode Island.⁴

Investing \$2.6 billion wisely, where it can have deep and long-lasting benefit, is a tremendous opportunity and a formidable challenge. We offer these ideas to provoke creative thinking and productive dialogue, and we would be pleased to help moving forward.

⁴ Qualified Census Tracts must have 50 percent of households with incomes below 60 percent of the Area Median Gross Income or have a poverty rate of at least 25 percent. According to HUD, Rhode Island has [52 QCTs](#).