

May 12, 2021

The Honorable Nancy Skinner  
Chair, California State Senate Budget and Fiscal  
Review Committee  
State Capitol Room 5019  
Sacramento, CA 95814

The Honorable Phil Ting  
Chair, California State Assembly Budget  
Committee  
State Capitol Room 6026  
Sacramento, CA 95814

**RE: Critical Budget Allocations for a More Equitable Economic Recovery**

Dear Chair Skinner and Chair Ting,

The COVID-19 pandemic has laid bare the vast structural inequalities faced in our Bay Area community. Existing inequities have made the current crisis more painful for many people, including people experiencing poverty, women, disabled people, Black, Latinx, Indigenous, and people of color. In response to the pandemic, cities and counties across the region have acted quickly to set up equitable response policies, and launched local economic recovery task forces to ensure resources go where they are needed most.

To build on investments of local jurisdictions, leaders across the Bay Area seek to advance a set of shared budget priorities that will meaningfully benefit low-income and BIPOC communities. The Bay Area has a long history of acting as a region to address our community's most pressing problems: we were among the first to build a regional transit system, the first to launch a regional housing finance authority, and the first to implement a region-wide stay at home order during the COVID-19 pandemic. We seek to build on this regional work by advancing a set of shared budget priorities that can help lift up the bottom of the K-shaped recovery. The budget requests included below surfaced from a regional scan of local economic recovery reports from San Francisco, Oakland, San Mateo, and the larger Silicon Valley, and represent an opportunity to build on the pressing needs identified by local task forces.

The Bay Area's key priorities for regional action are the following:

1. **Job quality improvements** that support low-income essential workers.
2. **Cash assistance and guaranteed income** programs to support economically vulnerable individuals and families.
3. **Digital inclusion** investments that dramatically expand access to internet connection, devices, and training.
4. **Universal childcare access** to support women and low-income caretaker's participation in the workforce.
5. **Tenant protections** through interventions that address rent debt and prevent evictions.
6. **Affordable housing construction and supportive services** to address our homelessness crisis.
7. **Small business support** through culturally competent technical assistance and access to capital via grants and loans.

State support for this work is crucial to building an equitable recovery. To address these regional priorities, ***we urge the Senate and the Assembly to ensure that this year's budget allocates critical funding for the following equity-focused priorities.***

**1. Ensure small business employees receive paid COVID-19 sick leave.**

Low-income workers are more likely to hold high-risk jobs that increase exposure to the coronavirus. While the proposed amendments to Senate Bill 95 (Skinner) and Assembly Bill 84 (Ting) extend paid sick leave to workers in the food sector that have been affected by COVID-19 who are unable to work or telework from January 1 – December 31, 2021, these amendments must go further to protect all essential workers. For an equitable economic recovery, it is imperative that we slow the spread of the virus and protect essential workers.<sup>1</sup> We echo the asks of the 115 California organizations that have petitioned the legislature for paid sick leave, without loss of job or pay, for all California workers who contract the coronavirus; who must self-isolate or quarantine; who need to care for family members or dependents who have contracted the virus; or who must take time off for vaccination and recovery.<sup>2</sup>

**2. Allocate more funding towards additional emergency cash assistance and implementation of local guaranteed income pilot programs.**

Guaranteed income is a crucial strategy to prevent long-term economic vulnerability. In February, the state passed the Golden State Stimulus providing \$600 one-time payment for low-income residents that qualify for the Earned Income Tax Credit (EITC). We applaud the immediate action the state has taken to support the most vulnerable residents, while recognizing continued support is needed for Californians to meet even their basic needs. One-fifth of Black and Latinx adults in the San Francisco-Oakland-Berkeley Metro area are food insecure. Guaranteed income would provide targeted and much-needed assistance to individuals and families. Cities across the region, including Oakland and San Francisco, are launching guaranteed income, also known as universal basic income, pilot programs. We ask the legislature to: (1) allocate resources to supporting localities to implement and expand these efforts through matching grants and (2) dedicate resources to ensuring that low-income residents receive an additional \$600 from the state for each of the remaining quarters of the year (Q2-Q4).

**3. Invest in municipal broadband and Wi-Fi infrastructure, prioritizing neighborhoods that have less internet access.**

Access to reliable and affordable internet connections is a fundamental cornerstone of economic mobility in the 21<sup>st</sup> century. Only 63% of Black households, 77% of Latinx, and 77% of Mixed/other households with school children always have internet available at home, compared to 88% of white households. Cities and counties across the region have dedicated significant resources to helping residents in low-income neighborhoods and digital deserts get connected to the internet through expanding public Wi-Fi coverage, subsidizing internet service, distributing computers and other internet devices, as well as implementing digital literacy support services. The Governor's Five Year Infrastructure Plan references the Broadband for All initiative passed in late 2019 and Executive Order N-73-20 issued in August 2020 to help state agencies close the digital divide. The Infrastructure Plan also proposes to provide "\$353.9 million over the next five years for broadband infrastructure improvements and systemwide technology investment. \$51.4 million is allocated for K-12 purposes, and \$302.5 million for CCC

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<sup>1</sup> Chris Micheli, "New Proposed Bills Extending Paid Sick Leave," *California Globe*, February 22, 2021

<sup>2</sup> Advocacy letter in support of expanded emergency paid sick days, January 12, 2021.

<https://www.dropbox.com/s/z0klzl35b2tm12r/COVID-Emergency-Paid-Sick-Days-Letter-to-CA-Leg1%20%282%29.pdf?dl=0>.

purposes.”<sup>3</sup> Given the nature of the pandemic inducing remote work, it is critical that the budget reflect increased resources dedicated to supporting (1) educational institutions and low-income households in accessing affordable internet and (2) localities in enhancing broadband infrastructure in communities with poor internet access. Further, allocating greater funding for broadband infrastructure investments will make California and the Bay Area region well-positioned to shape a federal infrastructure package.

**4. Bolster the childcare industry’s expansion and accessibility through interest-free loans and financial assistance programs.**

Free and affordable childcare is essential to the recovery and continued growth of the economy, especially for low-income parents or guardians who do not have the option to work from home. We commend your leadership in the passage of AB 82 (Ting), dedicating \$402 million to support state-subsidized childcare providers with a one-time \$525 stipend per enrolled child; extend childcare for essential workers through June 2022; and increase subsidized childcare access to more than 8,000 at-risk children.<sup>4</sup> This funding is critical for supporting childcare providers and essential workers in the near term. However, the need for affordable childcare will continue as the economy fully reopens. Support for childcare providers must include funding for low-cost or interest-free expansion loans to existing childcare centers, which will create new jobs and increase the childcare industry’s capacity to support more families.

**5. Forgive renter debt and increase tenant protections for vulnerable residents.**

Across the Bay Area, over 150,000 households are at risk of eviction and indebtedness. Approximately 13% of all Bay Area renters are behind on debt, with a collective rent debt of \$635.3 million. Renters who are behind on rent are overwhelmingly low-wage workers of color, who have suffered job and income loss during the pandemic.<sup>5</sup> We commend the legislature for passing SB 91 to create the Statewide Rental Assistance Program that starts to address these issues. We urge the legislature to consider additional state funding for rental assistance that extends beyond March 2021 to December 2021, and encourage the legislature to re-engage with local jurisdictions and non-profit partners on methods to deploy the resources so they can go where they are needed most. BIPOC renters, especially women, were already housing insecure and economically vulnerable pre-pandemic, and additional support is needed to prevent homelessness. BIPOC homeowners, in particular Black and Latinx homeowners, are behind on mortgages and need support in keeping their homes, through grants or forgivable loans. The legislature must make significant strides to protect vulnerable residents from displacement and homelessness, including passing a stronger moratorium on all evictions for the duration of the year.

**6. Invest in affordable housing construction and supportive services to address our homelessness crisis.**

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<sup>3</sup> “California Five Year Infrastructure Plan, 2021-22,” *Office of California Governor Newsom*, <http://www.ebudget.ca.gov/2021-Infrastructure-Plan.pdf>.

<sup>4</sup> “Governor Newsom Signs Legislative Package Providing Urgent Relief to Californians Experiencing Pandemic Hardship,” *Office of Governor Gavin Newsom*, February 23, 2021, <https://www.gov.ca.gov/2021/02/23/governor-newsom-signs-legislative-package-providing-urgent-relief-to-californians-experiencing-pandemic-hardship/>.

<sup>5</sup> Bay Area Economic Recovery Indicators Report, *PolicyLink*, March 2021.

- **The large amount of one-time funding presents a generational opportunity to make a dramatic move to address our homelessness crisis.** That can be accomplished by setting aside a one-time allocation of \$20 billion for a steady expenditure of \$4 billion per year over the next five years. Based on the average cost of our Project Homekey success, a four-year allocation of \$20 billion could create more than 100,000 homes—or enough to permanently house nearly every Californian who entered a homeless shelter in 2020. Of course, we expect a substantial commitment of these flexible dollars will be needed to fund operations and supportive services of the many facilities that we’ve created in recent years with your help. A balanced allocation can both get our unhoused residents off the street while enabling us to sustain existing programs that will keep them housed. We urge flexible funding commensurate with our monumental task ahead. Such a bold commitment would have a transformative and lasting impact on our state, and make California a national model of compassion.
- **Allow 140 shovel-ready deeply affordable housing developments primarily serving the lowest income and highest need population to move immediately to construction.** These developments all have received funding from HCD but are stuck waiting for oversubscribed Tax-Exempt Bonds and Low-Income Housing Tax Credits. There are three dozen shovel ready projects in the Bay Area stuck in this backlog. A \$3 billion state investment of the budget surplus funds could replace expected tax credit equity for these developments, allowing them to proceed. This investment would have the added benefit of unblocking the bottleneck at CDLAC and TCAC, allowing future developments to access tax credits without delay. California has a historic opportunity to increase affordable housing production immediately and clear the decks for the next generation of developments.
- **Help launch the Bay Area Housing Finance Authority:** The Bay Area’s housing crisis isn’t isolated to one city or county; it’s a regional crisis that requires regional coordination and resources to make a change at scale. This was the rationale for the establishment of the Bay Area Housing Finance Authority by AB 1487 (Chiu) in 2019. MTC and ABAG have identified five pilot programs that BAHFA will set up that will enable the region to address urgent housing challenges facing Bay Area residents, such as the risks of displacement due to rent increases while helping to ready the region to effectively and equitably deploy significant capital from a future regional ballot measure. A seed investment of \$18.5 million to launch the five pilot programs will work to sustain the momentum of grassroots support and philanthropic interest in BAHFA and begin to develop the programs and strategies that will ultimately be funded by a regional measure. The program could be funded by a modest contribution from the General Fund or other funding sources available for affordable housing.

**7. Augment Small Business Funding with Support of Culturally Competent Technical Assistance.**

The state’s funding allocation to support the smallest of small businesses must also include support for trusted nonprofits to provide culturally competent technical assistance that meets the needs of local small businesses. As safety guidelines continue to shift, BIPOC-owned businesses continue to need tailored and accessible support on how to safely reopen; access local, state, and federal resources; expand their network to new opportunities and partnerships; transition to an online marketplace, and more. This programming would help to fill a long-time gap in supporting BIPOC-owned small businesses, and would leverage the state’s direct investments in small businesses.

Sincerely,

Mayor London Breed, City and County of San Francisco  
Mayor Sam Liccardo, City of San Jose  
Mayor Libby Schaaf, City of Oakland  
Supervisor Cindy Chavez, County of Santa Clara  
Tomiquia Moss, All Home  
Melissa Jones, Bay Area Regional Health Inequities Initiative (BARHII)  
Omar Carrera, Canal Alliance  
Kristin Connelly, Contra Costa County Equitable Economic Recovery Task Force and Contra Costa Economic Partnership  
James Head, East Bay Community Foundation  
Gloria Bruce, East Bay Housing Organizations (EBHO)  
Amie Fishman, Non-Profit Housing Association of Northern California  
Fred Blackwell, San Francisco Foundation  
Nicole Taylor, Silicon Valley Community Foundation  
Alicia Jean Baptiste, SPUR

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