Navigating a Crisis: An Uneven Recovery for Communities and Organizations in the Southeast
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In the summer of 2021, while some indicators suggested a robust economic recovery was under way, low- and moderate-income (LMI) households, communities that have experienced chronic disinvestment, and Black, Indigenous, and people of color (BIPOC) continued to struggle across several dimensions. Community development organizations that provide these populations with housing, financial services, workforce training, and other important assistance were impacted by their increased volume, the changing needs of their constituents, and a changing policy landscape. From July to September 2021, we interviewed representatives of these organizations to better understand their challenges and successes.

Key Takeaways

- Housing challenges (displacement, rent arrearages) persist among low- and moderate-income and Black, Indigenous, and people of color communities.
- Trauma induced by systemic barriers and social unrests has affected communities’ and organizations’ ability to recover from the COVID-19 pandemic.
- Existing safety net programs have benefited many families, but challenges exist in deploying relief funds.
- Nonprofits, the public sector, philanthropy, and others engaged in community development experimented and developed new ways of working that have been successful and even transformative.
- Opportunities exist to support, scale, and sustain capital infrastructure investments that target vulnerable communities and organizations.

Background

The purpose of this study is to deepen our understanding of conditions in LMI communities and those that have experienced chronic disinvestment, highlight the challenges and successes experienced by organizations serving these populations, and to inform the work of funders, decision-makers, other policy influencers, and our community development efforts at the Atlanta Fed. While survey data and metrics are useful for understanding the effects of COVID-19, interview responses provide additional nuance and context for understanding exactly how those impacts manifest.
Methodology

This study is a follow-up to a previous study conducted in March and April 2020, when the Atlanta Fed’s Community and Economic Development (CED) team conducted 47 interviews with contacts from the six states the Sixth District serves: Alabama, Florida, Georgia, southern Louisiana, southern Mississippi, and eastern Tennessee. Interviewees included community development practitioners who provide direct services or otherwise engage in community development policymaking and practice. The sample reflects the voices of people who work in housing, workforce development, small business, consumer credit, financial counseling, and organizations that serve both urban and rural areas. The interview protocol included two sets of questions on COVID-19’s impact: one about the clients served and a second about the organization. Responses provided a snapshot of the level of disruption experienced by the organizations and the populations they serve at the onset of the COVID-19 pandemic.

The questions in our 2021 follow-up study were largely similar, allowing us to compare how communities in the Southeast are faring roughly one-and-a-half years into the pandemic. We added more BIPOC leaders to the respondent pool to better reflect the diversity of the Southeast. We also included one question requesting feedback about the impact of social unrest on the communities the respondents serve and on the work of their organizations. Atlanta Fed CED staff conducted interviews from July 2021 to September 2021. A smaller team then coded data from the interviews to identify themes and trends.

I. Impacts on People and Communities

Respondents were asked to describe the impact of COVID-19 and social unrest on their communities. At a high level, our contacts noted several barriers to an inclusive recovery for LMI and BIPOC communities in our District, mentioning that many of these barriers existed before COVID-19. According to interview subjects, structural barriers such as discrimination, systemic racism, and continued disinvestment in communities have deepened the hardship that families face in the Southeast. The barriers cited most often were related to financial security, housing, childcare, and overall health and well-being.

We asked our contacts to indicate their perceived level of disruption that COVID-19 has had on their communities. Figure 1 captures 2021 data (left) and a comparison of responses from only those 35 interview subjects who were repeat respondents (right). Respondents were asked to rate where they think their communities fall on a scale from “benefiting” to “significant disruption, expect recovery to be difficult.”

Figure 1: What level of disruption has COVID-19 had on communities that you work with?
Our contacts largely reported that the communities they work in faced significant disruptions this year (92 percent). Among repeat respondents, significant disruption in communities increased from approximately 83 percent to 89 percent. A Federal Reserve System national survey of community development organizations asked similar questions of 352 southeastern and 3,681 national respondents. Although the response categories were condensed to three options, the survey found that nearly all respondents (98 percent) in the Southeast felt that their community was experiencing some or significant disruption in August 2021.

**Housing Instability among Renter Households**

Housing was one of the biggest challenges interview subjects noted. At the time of our interviews, contacts were generally concerned about the long-term impact of social safety net programs that were expiring, such as mortgage forbearance, or continued challenges with efficiently deploying resources such as emergency rental assistance, and with their ability to keep families without steady incomes in homes.

While the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act of 2021 (ARPA) allocated approximately $46 billion for a newly created Emergency Rental Assistance (ERA) program, families are still struggling with significant rent debts. Recent data from the Philadelphia Fed shows that 1.95 million renter households had an average of $7,800 in rent debt in August 2021. Several contacts said debts are especially high for lower-income and hard-to-reach populations such as rural residents and those who are not native English speakers. For example, one respondent indicated that they have clients behind on rent by as much as $25,000. Another housing agency that primarily serves immigrant families and communities said many of the eligibility requirements and guidance disseminated for renters in some communities were not readily available in other languages to ensure equitable access to relief funds. Because they lacked translated materials, staff dedicated resources to translating the information into several languages, which created an additional lag in residents applying for funding. Further, several contacts noted that low-income renters were faced with barriers to accessing ERA, including onerous documentation to file claims. For example, according to one interview subject, owners of small apartment buildings, which tend to be relatively affordable, are less likely to provide an updated lease. These owners may not have systems or sufficient staff to maintain these records, which are required for ERA in some jurisdictions.

There were mixed views on the impact of the Centers for Disease Control and Prevention (CDC) eviction moratorium, which the US Supreme Court blocked shortly after our interviews. During the interview period, the federal eviction moratorium was in place and was considered a lifeline for renters in arrears. Our contacts also expressed concern about the varied implementation of the eviction moratorium across jurisdictions. While the moratorium has kept many families in place, interviewees report that some landlords have still been able to file evictions. For example, the Atlanta Region Eviction Tracker indicates that landlords had filed approximately 11,000 evictions for the five-county Atlanta metro area as of September 2021, an increase of 30 percent over the 8,400 evictions filed in August 2021. Comparing September 2021 to September 2020, eviction filings were up 64 percent. One contact noted that families who have been evicted are doubling up with friends or close relatives or sleeping in cars. Many others expressed worry about the inevitable end of the moratorium.

In addition, according to our interviewees, the low affordable housing stock has exacerbated challenges to housing affordability. The increase in housing demand, rising home values, and higher rents have made it difficult for low-income families to stay in place and have put home ownership further out of reach. This has especially challenged families and individuals affected by recent hurricanes in Louisiana.
Low-Wage Workers and Childcare Challenges

Respondents indicated that ongoing challenges for entry-level workers and job seekers were likely driven by the need for a thriving wage versus a living wage and lack of access to childcare. One respondent discussed the need for people to earn a thriving wage, which the respondent described as wages paid to employees that cover their basic needs, such as food and housing, and other needs that improve their quality of life, such as investments and travel. Our contacts noted that as workers seek employment, middle-income jobs have returned much faster than lower-income jobs. One challenge has been that those who are deemed “frontline workers” in industries that have been the hardest hit, such as tourism, hospitality, and retail, are likely to be paid lower wages, live in poverty, and have higher exposure to COVID-19.

Compounding risks—low wages, firm instability, and heightened COVID-19 exposure—make these workers vulnerable to both financial hardship and negative physical outcomes. Contacts noted that some workers are refusing to accept low-wage jobs because they do not provide financial stability for their families. An example of this is in childcare, where one contact estimated that their area lost 40 percent of its childcare industry in the first weeks of the shutdown and that it took 30 to 45 days for childcare providers to reopen. Childcare centers are now struggling to find staff and teachers at the wages they offer, leading to increased risk of more closures.

According to an interviewee within the industry, many childcare workers also won’t return because children aren’t vaccinated, leaving parents and caregivers unable to return to work and children at a potential learning loss. Florida, for example, experienced a decrease in kindergarten readiness in 2021 with an estimated 57,000 fewer children assessed as ready for kindergarten year over year. These estimates may be attributed to parents who either could not find classroom availability or chose not to enroll their children during the 2020 pandemic year.

In addition, some people are now moving to a gig economy, starting new businesses, and finding alternatives for income to meet their basic needs and provide opportunities to thrive. As one contact noted, advocates for better work conditions and compensation are thinking about how to support low-wage occupations, where many of the workers are Black and Brown. According to recent data from the Brookings Institution, Latinx and Black workers are overrepresented in low-wage work relative to their share of the workforce, comprising 40 percent of all low-wage workers. These insights may reflect a cultural shift that embraces equitable and flexible work agreements to meet the changing needs of families and individuals.

Health and Trauma in Communities and among Organization Staff

The health impacts of COVID-19 and the tragedies of George Floyd, Breonna Taylor, Rayshard Brooks, the Atlanta spa shootings, and other violent incidents exacerbated existing stress and trauma for BIPOC communities and have elevated the urgency to examine the role of systemic racism in our economy. Throughout our interviews, many contacts noted that the compounding effects of the pandemic and existing systemic racism have led to negative mental health impacts for BIPOC and LMI communities. One contact who serves a rural community noted low vaccination rates and vaccine hesitancy among their constituents. Lack of trust continues to be a challenge for rural and hard-to-reach populations, particularly immigrants, refugees, or non-native English speakers. Several contacts across the District noted that their clients have had challenges securing transportation to vaccination sites and have been refused information on the COVID-19 vaccine. Furthermore, some have had difficulty with accessing follow-up care after contracting the virus.
Our contacts consistently noted an increase of mental illness among their clients due to issues such as public health risks, reduced income, heightened stress to meet basic needs, and racial trauma endured in their everyday lives. These traumas affect an individual’s ability to access adequate health care, to mitigate their risks to COVID-19, and ultimately to participate fully in the economy. Social unrest that unfolded as a result of racial injustices has had profound impacts on BIPOC communities. While many communities have started to address systemic racism and the need for racial equity, a contact acknowledged that there is still a “hotbed” for racism in their community. Another contact, who serves immigrant and refugee populations, also expressed this sentiment. The analysis of interviewee remarks highlighted a recurring point about harmful and racially motivated COVID-19 narratives, such as COVID-19 being referred to as the “China virus,” that also sparked fear for Asian communities in the Southeast.

II. Impact on Organizations

While it is important to have a comprehensive understanding of COVID-19’s rippling effects on communities, it is essential to also learn how organizations charged with serving economically distressed communities are weathering this pandemic. Securing real-time feedback on the opportunities, implications, and potential threats nonprofit leaders must navigate helps to inform recommendations to bolster overall community infrastructure to mitigate risks, protect important safety nets, and scale promising solutions toward an inclusive economic recovery.

Compared to the responses regarding community-level disruption, contacts reported less disruption at the organization level (see figure 2). Roughly 2 percent of organizations reported no or minimal disruption in 2021 and 19 percent of organizations reported that they were benefiting (left). While these responses are encouraging, 49 percent of organizations still reported significant disruption in 2021. We compared the levels of disruption for the 35 organizations that were surveyed in both years and found that the share of organizations benefiting from the disruption rose from 0 percent to 17 percent among these repeat interviewees, and a slightly higher share (54 percent) reported significant disruption in 2020 versus 49 percent in 2021 (right). The 2021 Federal Reserve System national survey did not include a “benefiting” option and found more southeastern organizations responding that their organization experienced some or significant disruption (92 percent) as compared to our interviewees (83 percent). Organizations said they benefited from additional funding resources, expanded reach, and an elevated profile.

Figure 2: What level of disruption has COVID-19 had on your organization?

- Benefiting
- No/minimal disruption
- Some disruption, but manageable
- Significant disruption, but expect to bounce back quickly
- Significant disruption, expect recovery to be difficult

In terms of specific organization disruptions, responses were characterized across three themes that capture the challenges to organizations: changes in demand, impacts on capital and human resources, and impacts of social unrest.
Significant Increase in Need

Respondents reported an overwhelming increase in demand for their services and goods. Many displaced households were desperate for help and relied on nonprofits to provide resources and guidance to help them navigate challenges resulting from this pandemic. One respondent shared that their organization shifted from helping people find jobs to helping them file for unemployment and get food, emergency assistance for rent and utilities, and other household staples. The pandemic’s different waves also created disruption. This disruption was particularly pronounced for direct service delivery organizations. One respondent shared that COVID-19 disrupted typical demand for their services and has kept the organization at a high level of response for an extended time. Another respondent shared that clients mistakenly thought their organization was closed because their physical offices were closed. Organizations also emphasized the magnitude of increased demand, such as one interview subject who noted that the essential community services hotline (211) in their area experienced triple the call volume since 2019, largely for utility and rental assistance.

Financial Capital Increased for Some, Human Capital Stressed for All

Respondents shared funding opportunities and implications they discovered as they tried to provide services and advocate for their clients. One respondent shared that they brought in nearly 200 percent more funding in 2020 compared to 2019 due to the CARES Act. While much of the listening sessions focused on COVID-19, respondents shared effects stemming from incidents of violence against BIPOC populations. These events affected many organizations’ strategies and influenced organizational development plans via increased funding spurred by a “moral reckoning,” or a need to confront and atone for past and present racism. Organizations that received additional funding were able to dedicate resources to support operations, develop infrastructure, and grow reserves. Additionally, even with the influx of resources, there were concerns with the sustainability and scalability of these efforts.

While some organizations were able to secure new funders and create alternative income streams, others have struggled. One contact said they moved from performance-based to cost-reimbursement contracts because there were so many unknowns that impacted their cashflow. Additionally, interviewees shared that much of the increased funding they received was immediately passed through to clients, so while it showed up in their annual budgets it did not enable them to invest in developing organizational infrastructure.

Several nonprofit leaders also prioritized staffing as a key issue. Many respondents were concerned with their ability to attract and retain top talent in a fiercely competitive labor market, with strong upward pressure on salaries and unprecedented numbers of job openings, even at the senior level. Some respondents shared that they had to increase salary offers for new hires by at least 40 percent to attract top talent.

Even when organizations could retain staff, they were concerned by the impact that health and social crises took on employees. One contact noted that hate crimes took a tremendous toll on their team, saying that BIPOC staff who witnessed violence against their community felt extreme “otherness.” Some fully paid health care, gave raises in 2020 and 2021, and increased staff. Some also made trauma grief counseling mandatory for staff who worked directly with impacted communities.

Workplace culture has also radically shifted as many organizations pivoted to telework and hybrid working postures. Working remotely was a challenge for community groups that depend on individual contact. The hours that case workers spent with community members doubled, according to many respondents. As demand for services increased, their staff members responded out of a strong sense
of commitment and responsibility. One contact noted that it was a struggle to provide enough staff coverage to make sure emergency funds went out efficiently. While technological efficiencies were acknowledged in many areas, namely outreach, several respondents noted that it came at a cost to other kinds of needed engagement, ideation, and community building. Organizations challenged to consider competitive and creative ways to keep their workforce are exploring new policies that focus on workers and offer more flexibility. For example, one organization mentioned offering sabbatical leave to employees after the onset of the pandemic. The pivot to a virtual workplace requires organizations to adopt new technologies and innovations to deliver services. This comes at a cost as the virtual world is a disruption to traditional direct services, which benefit from proximity between staff and client. Determining a new normal that does not compromise outcomes or well-being, while also leveraging the advantages of technology, will take an orchestrated effort.

Social Unrest Breeds Optimism, Doubt and Trauma

Respondents shared that social unrest also had a significant impact on their organization’s culture and their overall approach to improve economic and social outcomes in the communities they serve. One contact emphasized that the social movements of summer 2020 created an impetus for education and learning within organizations, after which some respondents characterized 2021 as a year of reckoning. Many acknowledged that they had to wrestle with their organization’s role in achieving more equitable outcomes, interrogate their complacency, and explore how they could marry the theory of their work with the realities of the communities they serve. For example, one organization discussed their need to recruit Black staff and staff of color to better reflect the ethnic and cultural diversities of their constituents. These realities of the enduring impact of systemic racism in the communities many of the organizations served became increasingly apparent with uneven access to personal protective equipment, vaccinations, and rising protests around racially motivated incidents. Many leaders acknowledged that their organization workforce composition and outreach efforts did not reflect or resonate with the communities they serve, and were compelled to make organizational changes. These events have spurred some respondents to embark on their learning journey, committing to diversity, equity and inclusion training, and creating time for their staff to reflect and refine their respective strategies. Some interviewees mentioned that the murder of George Floyd in particular was very difficult for their teams, and it took an exceptional toll on their staff of color. Others also shared that the Atlanta spa shootings were devastating and traumatic for staff. As the nation embarked on a dialogue centered on racism, social justice, the impact of COVID-19, and the effects of these issues on the economy, organizations were asked by their staff and funders to tailor their work to very practical reflections, realities, and recommendations. While some delved into new areas of focus, others felt there was no real action and that the protests encouraged some people to hold tighter to their viewpoints.

A respondent characterized this time as a defining moment, as corporations and individuals are listening and paying attention to long-held social disparities at levels not seen since the 1960s. They pointed out that major funders are investing in not just economic mobility but also racial equity in the Southeast. Many felt there is an opportunity to capitalize on this moment and the swell of activism to attract capital and more collaborations with community organizations, government, and corporations to provide needed additional services. Others were more skeptical; they saw this as a momentary awareness and even attributed some of their new donations as potentially motivated by guilt. The Chronicle of Philanthropy flagged the distorted and dangerous narrative of a growing assumption of increased racial equity funding. According to the report, they found misperceptions that grassroots organizations were well-resourced to meet the needs of historically disinvested communities. The amount of funding and focus on racial equity programming has been largely exaggerated, while BIPOC-led organizations still struggle to compete with funding to meet community needs.
III. Perceptions on Policy Landscape

Well-Targeted Policies, Uneven Implementation

Interviewees were asked about existing policies and what further policies would be necessary to address the impacts of COVID-19 among the communities they serve. They were also asked to describe any internal policy changes that were particularly successful.

Contacts frequently mentioned the passage of the federal CARES and ARPA acts and other COVID-19 relief legislation. The Paycheck Protection Program (PPP), expanded and enhanced unemployment insurance, economic impact payments (or stimulus checks), and a 15 percent increase in the maximum benefit of the Supplemental Nutrition Assistance Program, or SNAP, were cited as important assistance to prevent hardship among individuals, families, and businesses. However, some felt that the design of many of these programs, which relied on states to administer them, resulted in instances of mismanagement. Most interviewees found that the ERA program was badly needed but largely unsuccessful in effectively reaching those with rent debt, such as rural households, and slow to be deployed in some areas. This is not surprising given that as of August 31, less than a third of the first $25 billion of ERA funds had been distributed to households.

Assistance from state and local governments, as well as from private faith-based and philanthropic sources, was also available in the communities served by our respondents. This assistance included grants, food donations, and devices and internet access. Interview subjects also reported that their organizations have been approached by new banking partners, resulting in Community Reinvestment Act (CRA)-eligible opportunities. Some nonprofit organizations received private grants to update their technology to better serve their clients remotely. It was also noted that funders, including those from philanthropic and government sources, are allowing more flexibility to grantees. The less restrictive funding has helped organizations manage capacity and better respond to the needs of the communities that they serve.

Overall, most organizations reported how they partnered, streamlined resources, and adapted their delivery and deliverables to achieve demonstrated impact. According to many respondents, new partnerships allowed them to leverage additional resources and reach wider populations. One community formed a partnership between the local government, utility company, and school system to make technology available to children learning at home while schools remained closed for in-person learning.

Policy Can Do More

Given the limitations of existing policies that support LMI communities feeling the impact of COVID-19, respondents felt additional policies are needed. A large share of responses called for existing policies, such as sustained UI support for workers, to be expanded or improved. Despite restrictions having been lifted in some instances, they called for more flexibility and accessibility of benefits, particularly as they pertain to rental assistance. Indeed, housing policy changes were the most often cited among all respondents. Affordable, healthy, and available housing was in short supply before the pandemic, evidenced by the significant shortage of available rental units affordable to low-income households and the large number of renter households that are cost burdened—they pay more than 30 percent of their household income on housing. In 2019, before the pandemic, the Atlanta Fed’s Southeastern Rental Affordability Tracker showed a shortfall of nearly 1.1 million affordable units for low-income renters making 50 percent of their area’s median income across our six southeastern states. Many respondents noted that more resources are needed long term to expand the overall supply of safe and affordable
housing and to allow LMI communities to be more resilient to future economic stresses, and in the short term to quickly deploy ERA funds. Fundamentally, many felt that a coordinated system, akin to the less demanding homeowner forbearance program, is needed to support renters facing shocks and stressors.

After housing, respondents most often discussed policies to address health and mental health. Several respondents considered Medicaid expansion, which has not been adopted by five of the six states in which we conducted interviews, essential to address the public health crisis. Many also believed that greater occupational hygiene measures are needed to protect frontline workers from COVID-19. According to one contact, mental health consequences created by isolation and economic hardship are their own crisis, and many LMI communities lack sufficient infrastructure to provide support to position affected individuals to quickly reengage in the economy.

For many, higher wages, increased benefits, increased flexibility, and other employer policies that improve the quality of life for low-wage workers were top needs. One respondent described this as the need for a thriving wage, or a wage that provides more than basic living expenses. Another policy need frequently mentioned was widespread broadband access, considered equivalent to essential utilities such as water and electricity. Respondents also strongly supported increased subsidies that would cap the parental portion paid for childcare and also contribute to universal early education. They also mentioned after-school programs to address the learning loss during school closures and provide more uninterrupted childcare support for working parents.

**Lifting Up Success**

As previously noted, several organizations in our sample reported that they have actually benefited in the wake of COVID-19. We asked all respondents to describe examples of their organization’s success. Many described increased donations, funding, and volunteerism. New or expanded partnerships were also common. National coalitions have emerged from the crisis stronger than before, local public-private partnerships have been forged, and partnerships with other nonprofit direct service providers have increased their impact. Organizations that moved to virtual intake and service provision also saw benefits. They reported serving more populations and having greater engagement with the public. Similarly, organizations benefited from the efficiencies, such as a reduced travel budget, brought by teleworking and remote work. Several were proud of their organization’s ability to handle a higher volume of need and to pivot to new types of services. New small business clients attracted by the Paycheck Protection Program (PPP), were one example of both a new community served and a new service offered. Finally, several organizations capitalized on the increased attention to the struggles of low-income individuals and families to advocate for policy change and to increase community organizing and engagement efforts.

**Discussion**

While there is inherent strength in communities, disparities exist among racial and income groups. Based on our interviews, we found that housing challenges, deep-rooted trauma with mental health consequences, and uneven access to safety net programs have limited recovery in communities that have experienced chronic disinvestment. An inclusive recovery should improve equitable access to housing, health care, career opportunity, and infrastructure to support broad economic growth and resilience. Thus, investments in communities should establish equitable access to information and capital allocation to meet the needs of individuals and families. For communities, this means understanding and focusing on the individuals and families who have the most needs. For organizations, this means investing in capacity building that meets the needs of the most vulnerable populations and organizations that employ BIPOC staff.
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