



## Preliminary overview of city measures to mitigate the socio-economic impact of COVID-19

Policy note

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Cities are on the frontline of managing the COVID-19 crisis. They are dealing with the immediate consequences of the crisis. Many cities have adapted their services in quick, effective, and innovative ways to respond to the emergency. As we are moving past the emergency stage of this crisis, many cities are pro-actively setting out measures to mitigate the social and economic effects of the COVID-19 crisis on people, jobs, businesses, the local economy and equality and inclusion in cities.

EUROCITIES has compiled a preliminary overview of policy responses that cities have recently adopted to mitigate the socio-economic effects of the COVID-19 crisis in the short, medium and long-term. This document builds on an existing collection of economic measures on subnational level assembled in the [Economic Bulletin N° 3 of the European Committee of the Regions](#). It also brings together examples from about 50 cities that were published on cities' websites, and on our EUROCITIES web platform [www.covidnews.eurocities.eu](http://www.covidnews.eurocities.eu).

In a nutshell, the most common mitigating measures in cities are:

- providing financial aid to local businesses and people most affected by COVID-19 crisis
- improving the conditions and access to loans for businesses
- pausing rent payments
- introducing flexibility and exemption of tax and fee payments
- compensating businesses having contracts with the municipality
- compensating for damages
- involving private donors
- creating new online marketplaces
- providing information and counselling services to entrepreneurs
- planning for the recovery: measures range from setting up expert teams, calling for citizen participation, or promoting digital innovations



### Providing financial aid to local businesses and people

Many cities are complementing national measures by setting up financial aid schemes to provide direct grants to local businesses, especially those particularly affected by the economic consequences of the COVID-19 crisis, such as SMEs in hospitality, events and tourism sectors (Birmingham, Dusseldorf, Vienna, Barcelona, Edinburgh, Munich, Milan). In some cities (Hamburg, Amsterdam, Berlin, Lyon, Cardiff, Glasgow), almost all kinds of businesses are eligible to receive grants. Cities like Ghent and Lisbon even provide direct financial aid to most vulnerable families.

**Birmingham** provides £230 million of financial support to approximately 16,000 eligible businesses which have been affected by the crisis. Eligible businesses operate in economic sectors such as retail, leisure and hospitality. Nurseries are also included in the financial support scheme.

**Berlin** boosted its already existing liquidity fund to €100 million to support local SMEs. The city is ready to extend the fund by another €100 million.

**Lyon** created an emergency fund of €100 million to support local SMEs until the end of June. All businesses eligible for state aid will also be eligible for the city's aid.

**Vienna** created an emergency fund of €35 million. Of this fund, €12 million will guarantee the liquidity of local SMEs, €20 million will provide emergency financial aid to SMEs which suffer over 50% turnover decline, and €3 million will promote employment solutions. Moreover, the city set up a new company named "Stolz auf Wien". Together with the Economic Chamber and private partners, the city has collected €50 million for "Stolz auf Wien" to invest in local companies at risk or insolvency due to the COVID-19 crisis.

**Cardiff** has distributed nearly £50 million to local businesses in grants as part of the on-going COVID-19 financial rescue package. The city council is contacting businesses eligible to receive the grants, which covers almost all types of businesses.

**Glasgow** created the Coronavirus Business Support fund and already received more than 15,000 applications and paid more than £26 million to local businesses.

**Ghent** mobilized €25 million to tackle the impacts of the COVID-19. In the short term, the city provides financial aid to the most vulnerable families (100-130 €/month). €10 million will be allocated to revive Ghent's economy after the crisis, especially the tourism sector.

**Lisbon** reinforced its Social Emergency Fund to €25 million. The fund targets families in need, social institutions and the procurement of necessary goods, services and equipment.

**Barcelona** created a €25 million fund which will promote the needs of the city's economic fabric and foster employment.

**Edinburgh** delivers grants to business owners which compound a total of £20 million. This endeavour is set to help the local economy and those in need are still encouraged to apply.

**Hamburg** provides direct grants to local businesses according to the number of their employees. The amounts range from €2,500 for freelance workers to €25,000 for companies with 51 to 250 employees. Moreover, Hamburg set up a fund of €4,2 million to support young school leavers. 15-year-olds are matched with tutors who help them to integrate smoothly into the labour market.

**Munich** created a fund of €20 million to support local companies. Depending on the number of their employees, companies can receive between €5,000 and €30,000.

**Amsterdam** set a temporary income support for at least 3 months to self-employed entrepreneurs and freelancers. The support is not subject to a business feasibility study and does not have to be paid back in the future. Within four weeks, the city provides a maximum of €1,500 per applicant.

**Dusseldorf** created a fund of €500,000 to provide emergency aid (maximum €5,000 per applicant) to local businesses, associations or event organisers who risk bankruptcy due to COVID-19 crisis.

**Milan** is implementing a special plan to make use of extra national funding in support of smaller and more fragile organisations in the performing arts sector which are not covered by the €20 million emergency fund of the Italian Ministry of Culture.



## Improving the conditions and access to loans for businesses

Complementing the measures by national governments, some cities also try to make it easier for SMEs, entrepreneurs and freelancers to obtain loans. For example, Hamburg does not only extend the access to loans, but also improves the conditions for borrowers. Berlin even guarantees for smaller loans, while the federal government guarantees for larger volumes.

**Berlin's** guarantee bank is doubling its maximum to €2.5 million. Furthermore, the bank will be able to make express decisions, independently and within 3 days of request submission, on guarantees of up to €250,000. Guarantees of up to €50 million will be handled by the federal government.

**Hamburg**, together with the Hamburg Investment and Development Bank, provides loans to SMEs, entrepreneurs and freelancers at conditions tailored to the current situation of crisis. In terms of interest and redemption payment, the city wants to use all available measures within the European law framework to render the conditions as advantageous as possible for borrowers.



## Pausing rent payments

Many cities suspend, defer or exempt tenants from paying rent. Often, these measures concern commercial premises in municipal properties (Warsaw, Luxembourg, Braga, Debrecen, Gothenburg, Tallinn, Lille, Hamburg, Lodz, Stuttgart, Grenoble, Lyon, London, Osmangazi, Katowice), but some cities also apply these measures to tenants in public housing (Lisbon, Barcelona, Frankfurt, Reykjavik). Other cities (Vienna, Utrecht, Ghent) even advocate for the protection of tenants in private housing.

**Lisbon** exempted all closed shops, as well as all social, cultural, sporting or recreational institutions located in public properties from the payment of their rent until 30 June. Furthermore, the payment of rents in the municipality's apartments is suspended until 30 June and will be phased in over the next 18 months.

**Barcelona** suspended the payment of rents for almost 12,000 tenants, including 400 commercial premises. After July, the overdue rent will be gradually incorporated in the payments over the next 18 months. The city will also review and, if necessary, adapt the rents of families living in public housing who suffered from a significant loss in income due to the crisis.

**Warsaw** put in place a support package for entrepreneurs who are tenants of the city's commercial premises including, among other advantages, the reduction, deferment or rescheduling of rent payments and the deferral of their debts with the possibility of paying in instalments.

**Vienna** stopped evictions of tenants in municipal housing (220,000 flats with half a million inhabitants) in case they have difficulties to pay their rent during the crisis. The city also insisted on the national government to protect tenants in private housing. Eventually, the national government prohibited evictions in the private rental market during the crisis in mid-April.



## Introducing flexibility and exemption of tax and fee payments

To help local businesses overcome the crisis, cities also suspend or defer tax and fee payments (Utrecht, Lisbon, Braga, Amsterdam, Gothenburg, Bilbao, Lille, Lodz, Ghent, Debrecen, Lyon, Frankfurt, Reykjavik). Many cities also exempted businesses from payments (Madrid, Grenoble, Nantes, Barcelona, Tallinn, Berlin, Hamburg, Bordeaux, Katowice).

**Madrid** reduces taxes by €63 million for companies in the leisure, catering, commerce, and travel agencies which maintain their employees.

**Ghent** suspended the payment of corporate tax for as long as the federal corona measures apply. This includes, for example, the terrace tax, the tourist city tax or the tax on business establishment.

**Grenoble** suspended the collection of tourist and road taxes and proposes tax exemptions to support cafés, restaurants and local shops.

**Stuttgart** has announced the deferment of some municipal taxes (e.g. trade tax) and of rents and leases for urban buildings and land. To be eligible, the applicants must be in financial distress due to the COVID-19 crisis.



## Compensating businesses having contracts with the municipality

Due to COVID-19, many businesses that have contracts with the municipalities cannot execute their services. However, some cities decided to continue providing support to contracted partners (Utrecht, Barcelona, Tallinn, Grenoble).

**Barcelona** maintains all contractual relationships with service providers. Even though the execution of contracts might be suspended, the city guarantees for the payment of hardware, machinery and human resources to make sure that execution can be reactivated as soon as possible. The contract periods will be extended accordingly.

**Tallinn** launched a package of economic measures to support business, including those with a contractual relationship with the city. These measures include, for example, waiving contractual sanctions in case of unfulfillment due to the emergency. The measures may have an impact of up to €4 million in the city's budget.



## Compensating for damages

Due to COVID-19, many events are cancelled, leaving organisers with considerable income loss and financial damage. Some cities cover these costs (Utrecht, Berlin, Tallinn, Grenoble).

**Utrecht** is working on a compensation scheme to help organisers who are not compensated through national measures or covered by an insurance in case of cancelation of their event. The city will also reimburse fees that have already been paid.



## Involving private donors

Some cities call for the financial contribution of private donors to bring the local economy back on track in the medium to long term (Zaragoza, Milan, Brest, Florence, Munich, Vienna).

**Milan** set up a Mutual Aid Fund to help those most affected by the crisis, especially small businesses, unemployed people, and families in need. The city is contributing with €3M and encourages public and private partners, as well as citizens to pay into the new fund.



## Creating new online marketplaces

To ensure the continuity of local economic activities, some cities created new and innovative online platforms that businesses and customers can use as virtual marketplaces (Lisbon, Brest, Dusseldorf, Florence, Katowice, Stuttgart, Paris). By encouraging local consumption (Lyon, Groningen, Angers), these platforms can also be useful in the future after COVID-19.

**Groningen** finances a digital platform that connects already over 120 local stores to customers. The city pays for the delivery of products by bicycle and boosts revenues by handing out €10 vouchers to public employees.

**Lyon** launched a digital platform connecting 350 local farms with potential customers willing to support local producers while having a healthy diet. Buyers can pick up their orders at grocery stores nearby.

**Lodz** encourages the local community to purchase vouchers for products and the use of services in the future. By paying now for future services, customers are supporting businesses in need and will still receive the service after the lockdown. Local authorities have created a Facebook group to facilitate this exchange.



## Providing information and counselling services to local entrepreneurs

With a great variety of recent measures taken on multiple levels of governance, local entrepreneurs can potentially profit from various funds and resources. To keep them up to date, many cities created teams of municipal workers who offer free information and counselling services to local entrepreneurs on online platforms or via telephone (Nantes, Lisbon, Braga, Stuttgart, Bilbao, Gothenburg, Glasgow, Lille, Zaragoza, Barcelona).

**Bilbao** launched a free consulting service on the municipality's website to provide personalised advice to local entrepreneurs, self-employed and local businesses in areas such as labour, tax, financing or measures from different bodies that they can take advantage of.

**Gothenburg** has enhanced its support towards SMEs by expanding its support team for consultancy and advisory services, accessible via email and hotline.

**Zaragoza** offers free online courses on electronic commerce aimed at SMEs so they can build up the capacity to adapt to the new challenges.

**Barcelona** created a virtual labour law office to answer questions (online and by phone) of employers and employees concerning the consequences of the lockdown.



## Planning the future

Despite the current state of emergency, many cities have started to plan for the recovery from the COVID-19 crisis and to take the opportunity for systemic or other changes not only to undo the effects of this crisis but to have a fresh reboot to the city strategy. More and more cities are setting up expert teams to coordinate the recovery while others promote new digital solutions or call for active participation of citizens in planning a future together.

### Setting up expert teams

Some cities set up teams of experts with members across many professions to coordinate new ways of sustainable tourism (Edinburgh), the economic recovery from the crisis (Barcelona) or the overall return to normality (Glasgow and Vienna).

**Barcelona** set up a coordination centre to monitor and forecast the economic situation while defining and coordinating actions to move forward to a greener and more digital economy.

### Calling for citizen participation

Reims and Milan invite citizens to take initiative and share their ideas to create a new normality after COVID-19.

**Reims** launched a digital platform to invite people to come up with ideas and solutions to pave the way to the 'day after'. The city engages to implement projects collected on the platform that have been approved by popular vote.

### Promoting digital innovation

Many cities push forward digital solutions to the crisis and to accompany the recovery. Some cities organize hackathons (Tallinn, Nicosia) and launch calls for start-ups to create innovative new ways to overcome challenges related to COVID-19 (Antwerp, Madrid, Koln).

**Madrid** launched a call for start-ups and innovative SMEs to come up with solutions for the resumption of normality. The three challenges for those competing include: facing the economic reality after the pandemic; redefining the concept of cities in the face of the need for new models of interpersonal relationships; and seeking solutions for those groups with special needs.



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