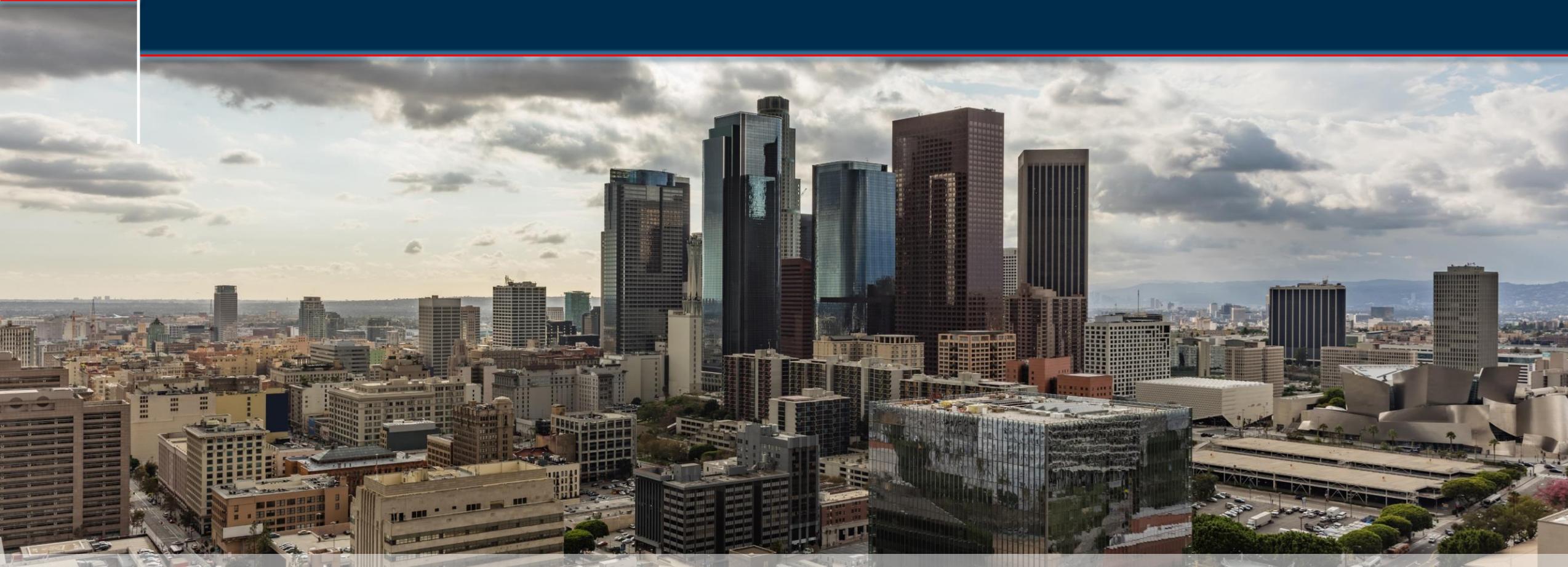


Rebuild better

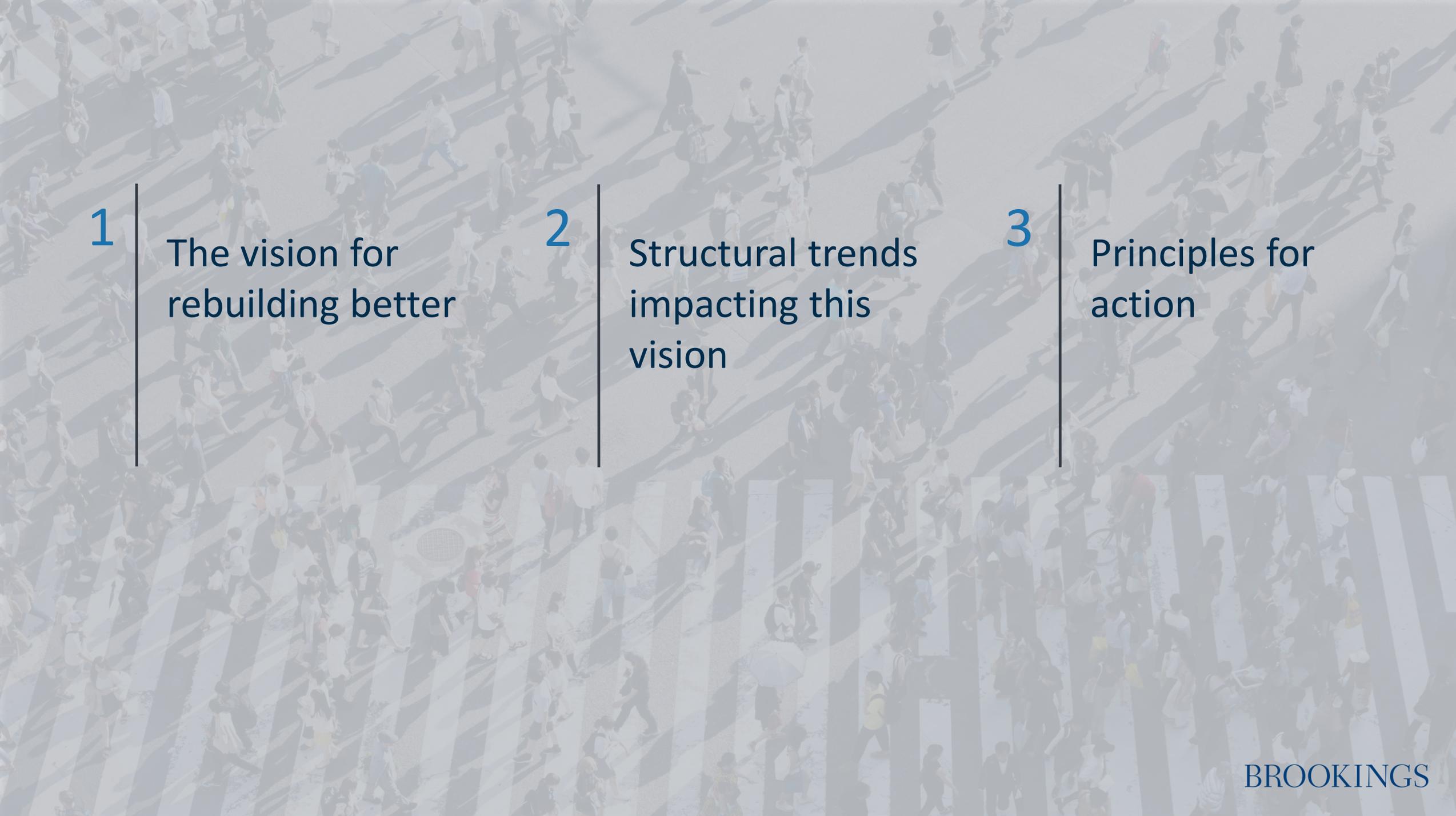
A framework for equitable recovery in greater Los Angeles



Amy Liu, Brookings Metropolitan Policy Program | @amy_liuw 

LAEDC Annual Economic Forecast | February 17, 2021

BROOKINGS



1

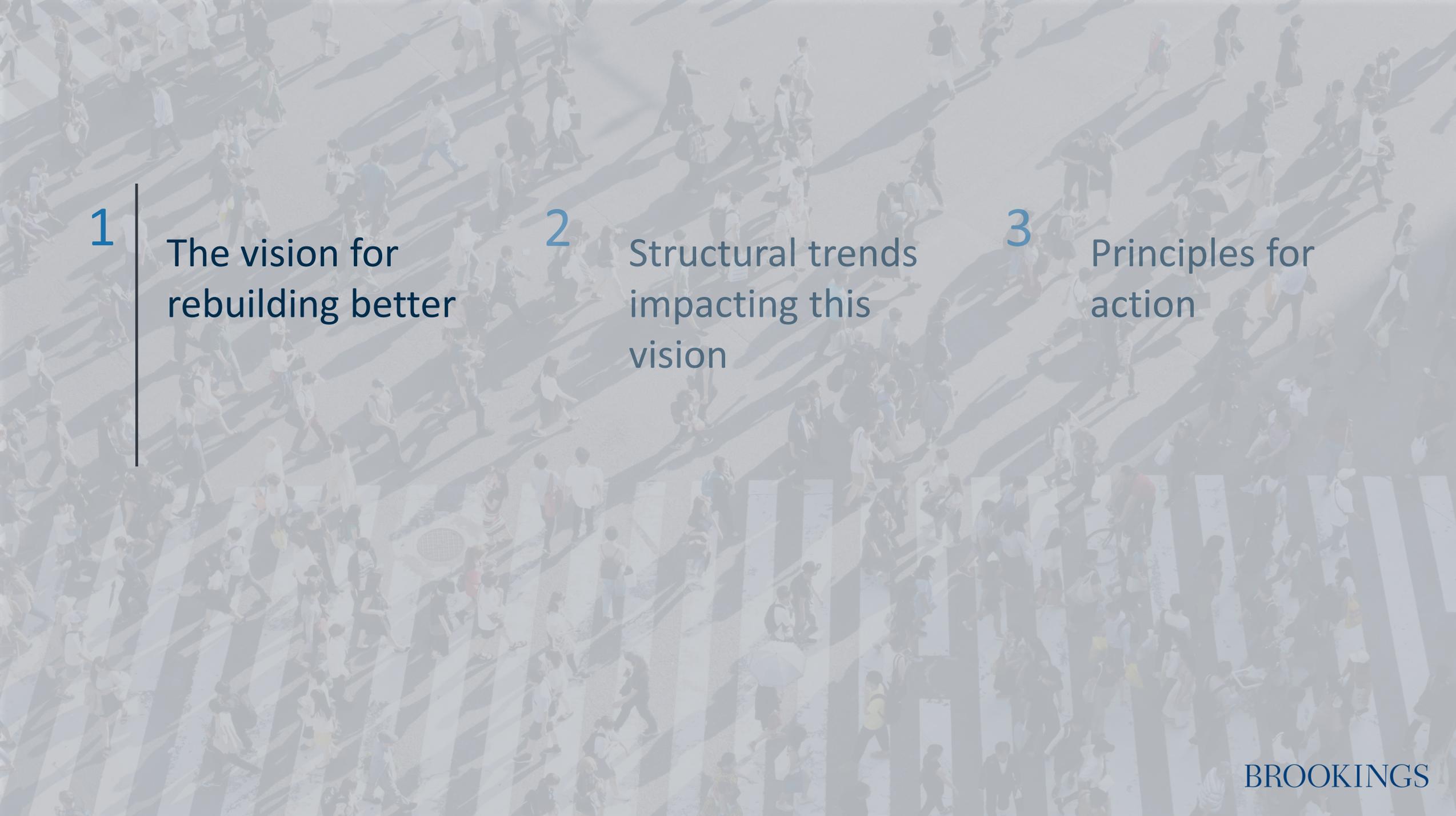
The vision for
rebuilding better

2

Structural trends
impacting this
vision

3

Principles for
action



1

The vision for
rebuilding better

2

Structural trends
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A vision for equitable recovery

“In the wake of the COVID-19 crisis, local leaders will rebuild better, generating higher-quality jobs and wealth creation opportunities in their local economies that advance racial inclusion.”

– Rebuild Better
Brookings, 2020

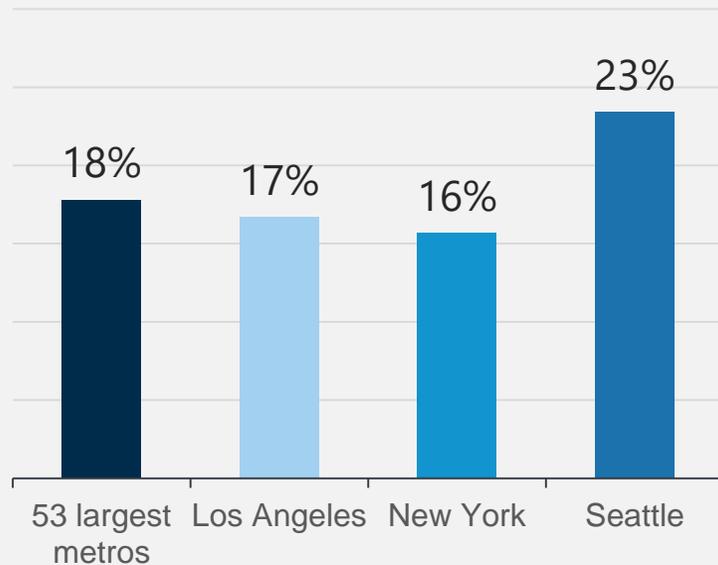
Greater Los Angeles entered the COVID-19 recession among the nation's "superstar" metros, as defined by innovation jobs

Ranking	Metro area	Absolute number of innovation industry jobs
1	New York	210,256
2	San Jose	209,245
3	Los Angeles	201,820
4	Seattle	193,771
5	Boston	169,356
6	San Francisco	163,895
7	Dallas	108,926
8	Washington, DC	86,230
9	San Diego	85,613
10	Chicago	83,502

The region also entered the pandemic recession making some inroads towards growth, prosperity, and inclusion



Jobs
2009-2019

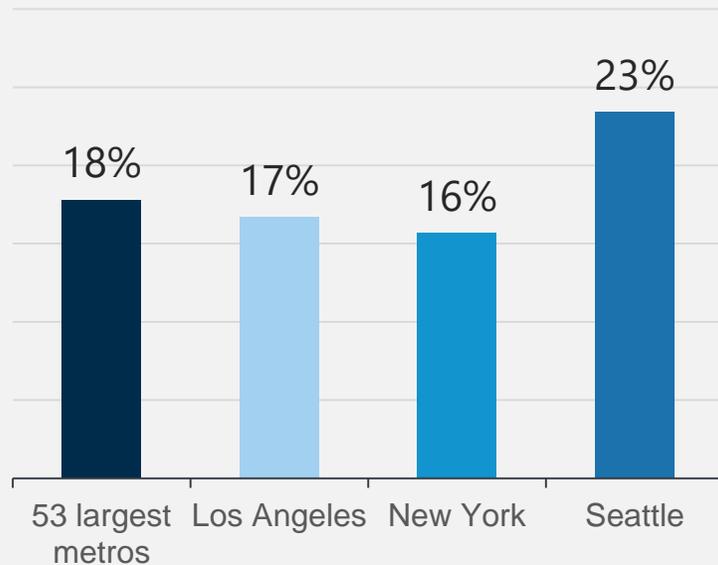


29/53 of very large metro areas

The region also entered the pandemic recession making some inroads towards growth, prosperity, and inclusion



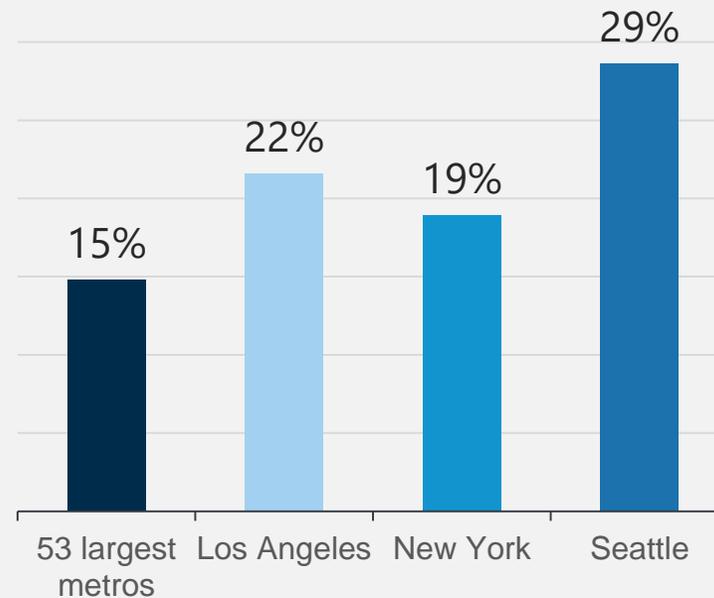
Jobs
2009-2019



29/53 of very large metro areas



Output per capita
2009-2019

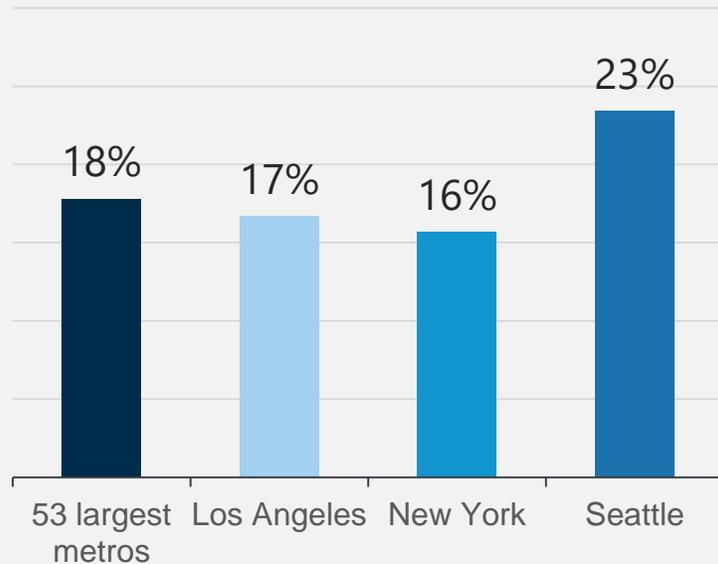


6/53 of very large metro areas

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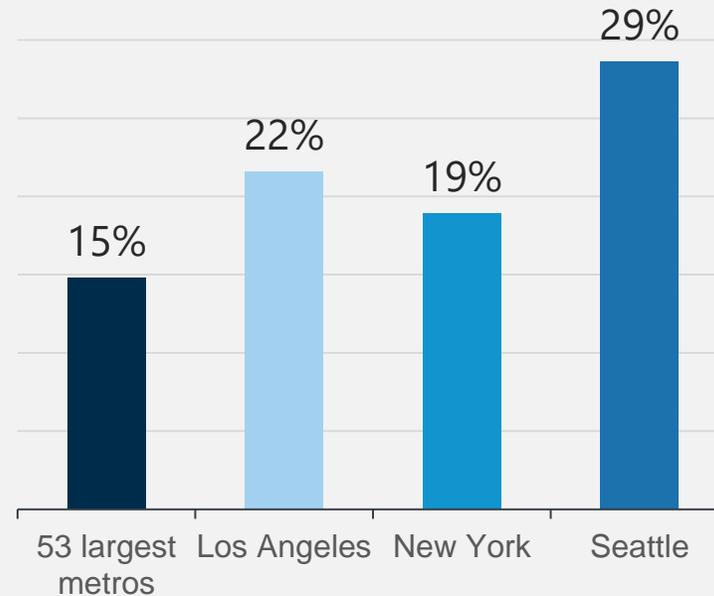
Jobs
2009-2019



29/53 of very large metro areas



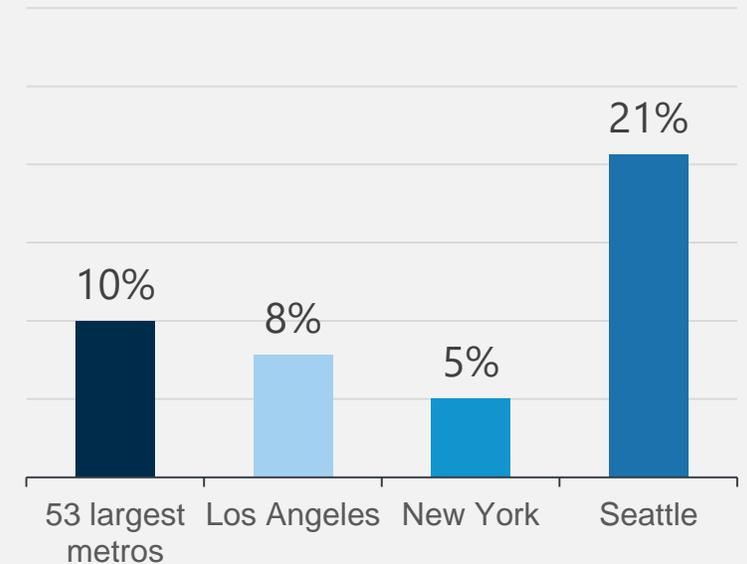
Output per capita
2009-2019



6/53 of very large metro areas



Median earnings
2009-2019



33/53 of very large metro areas

Meanwhile, the region's earnings gap by race widened slightly while the neighborhood income gap decreased dramatically

Racial inclusion in
Greater Los Angeles
2009-2019

↑ +\$121

increase in white
people/people of color
median earnings gap

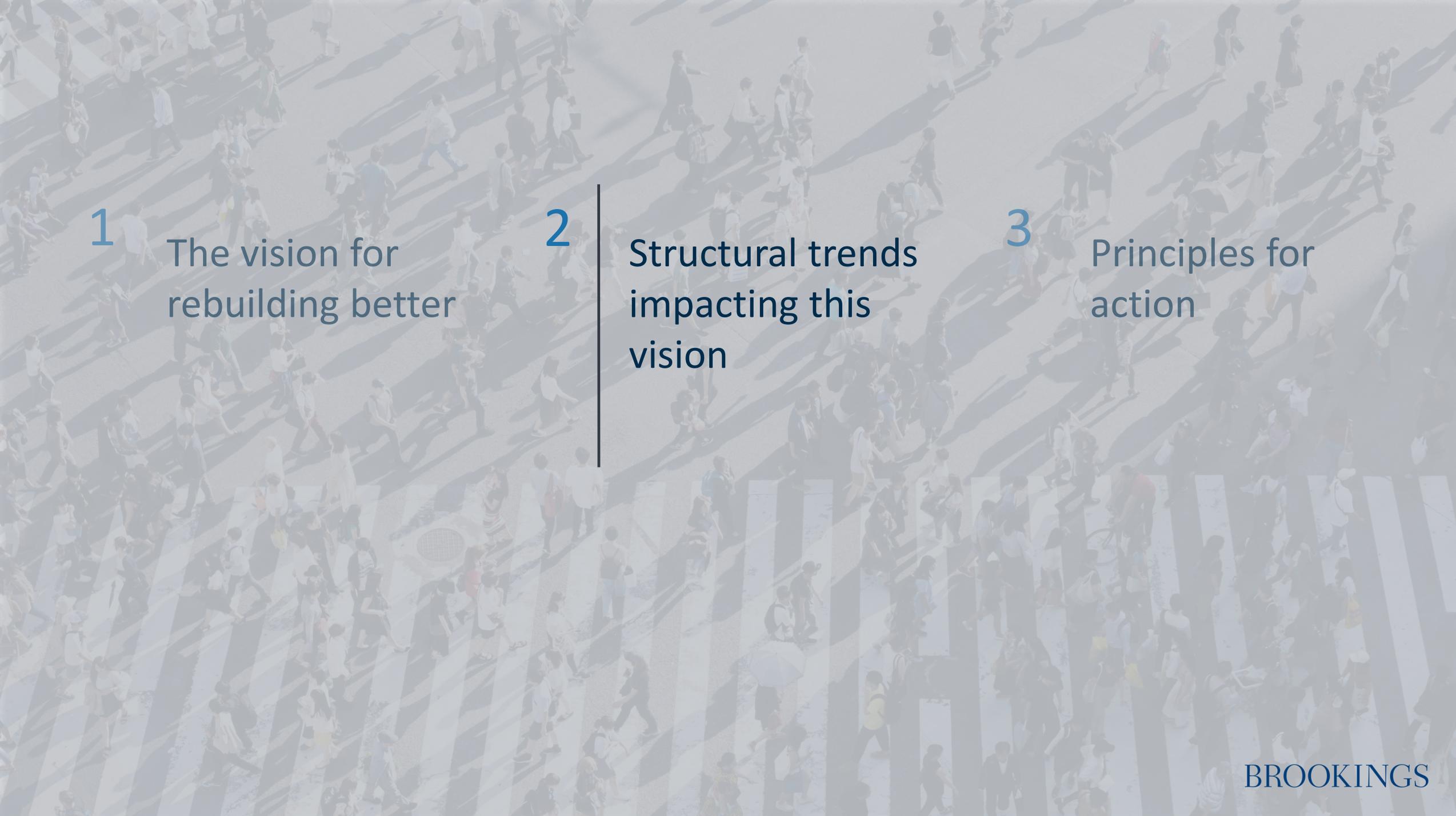
Rank: 19th / 53

Geographic inclusion in
Greater Los Angeles
2009-2019

↓ -\$3,681

increase in top/bottom
neighborhoods median
household income gap

Rank: 1st / 53

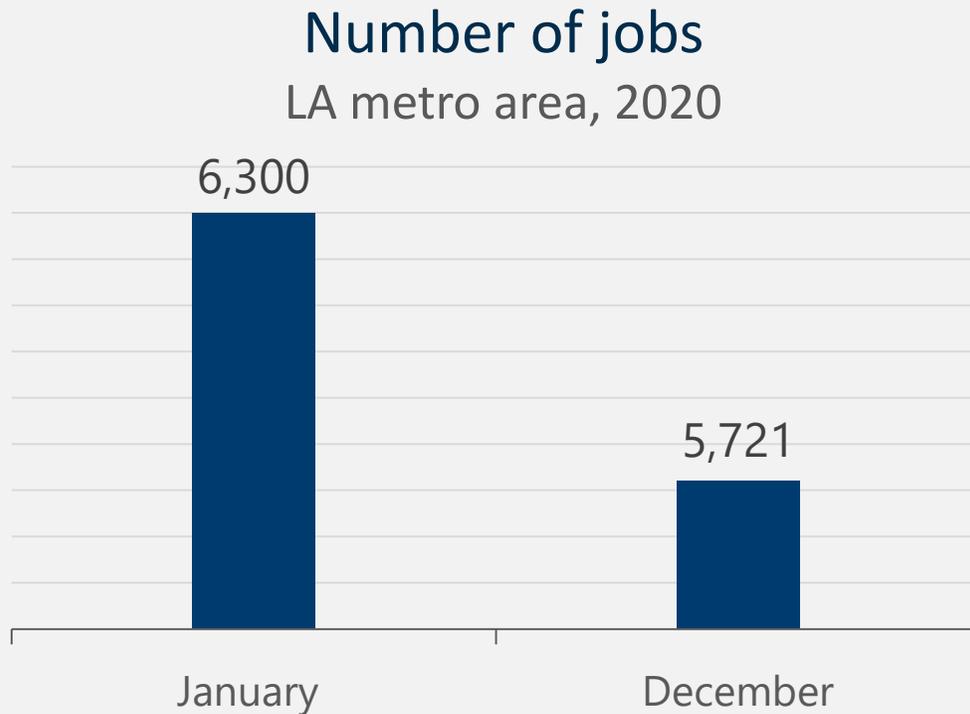


1 The vision for rebuilding better

2 Structural trends impacting this vision

3 Principles for action

COVID-19 and public health restrictions have devastated the greater Los Angeles economy



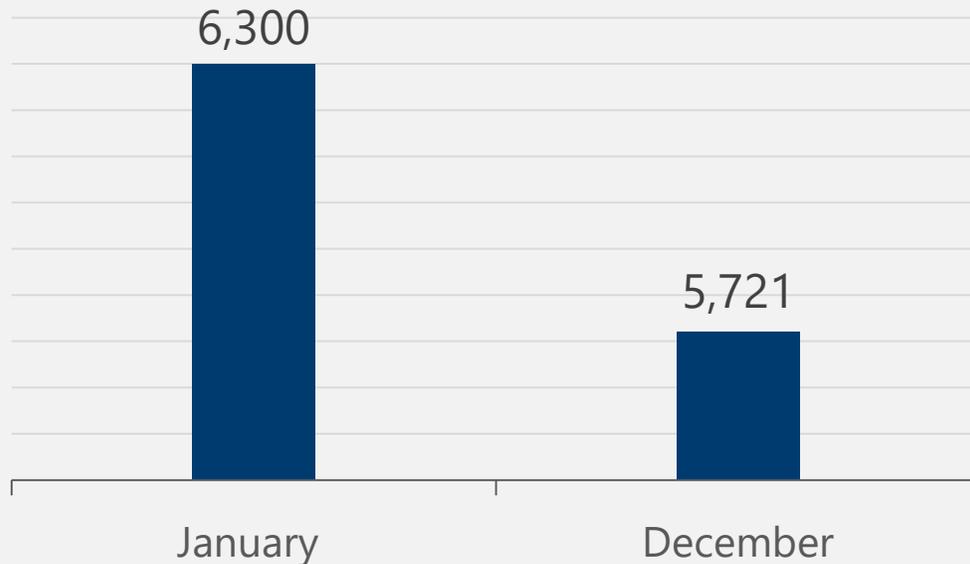
-9% decrease in jobs since January

48/53 of very large metro areas

Source: Brookings, "Metro Recovery Index," January 2021

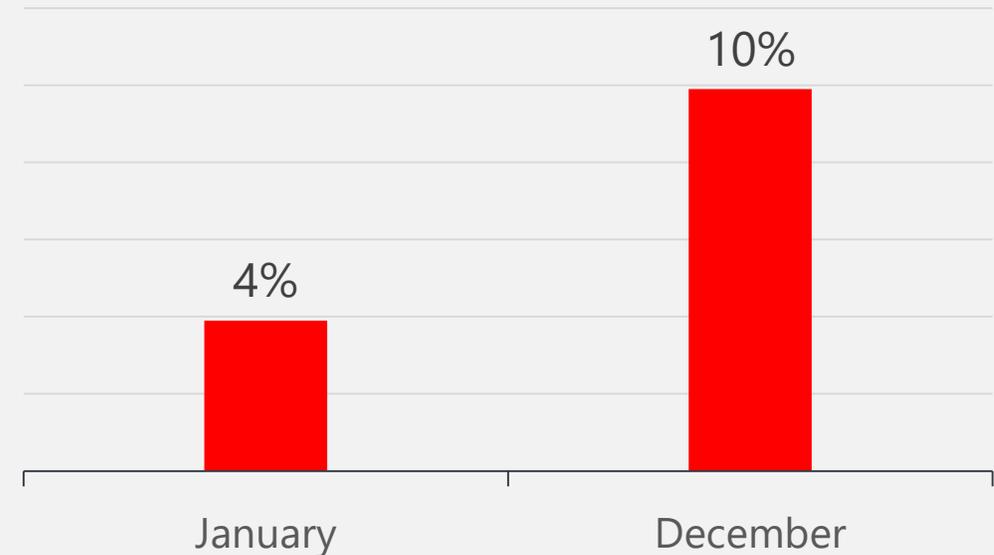
COVID-19 and public health restrictions have devastated the greater Los Angeles economy

Number of jobs
LA metro area, 2020



-9% decrease in jobs since January
48/53 of very large metro areas

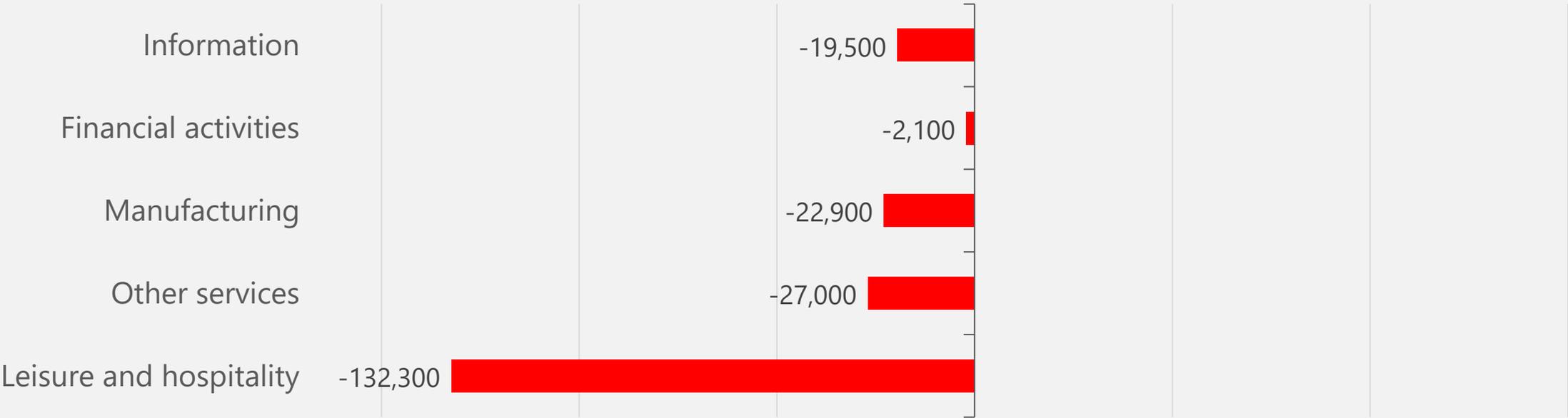
Unemployment rate
LA metro area, 2020



6% pt. increase in unemployment since January
50/53 of very large metro areas

No industries were spared, although workers in restaurants, leisure, and hospitality were most hard-hit

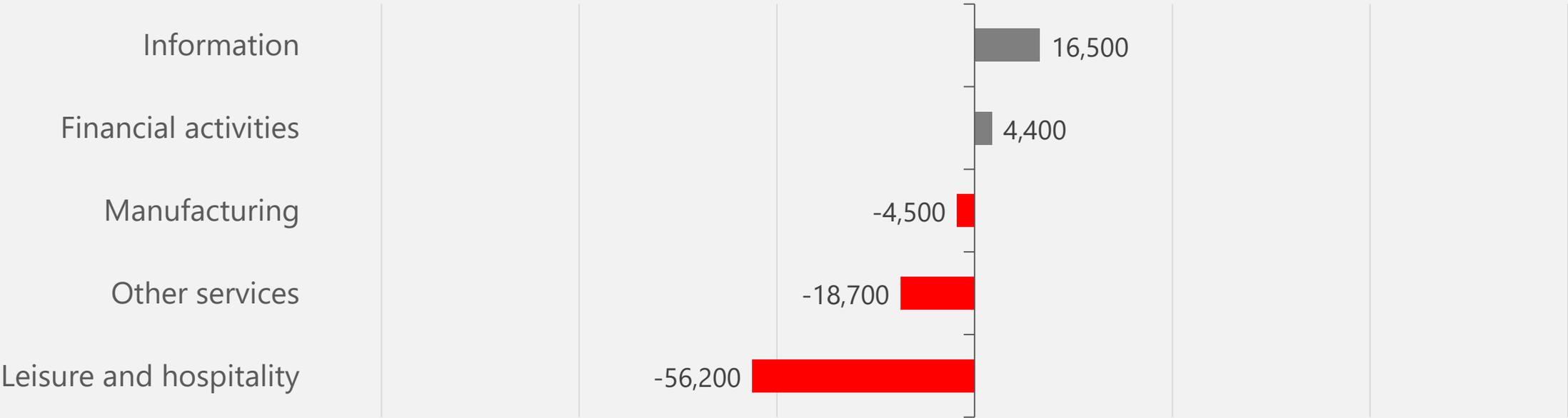
Employment growth by sector
LA county, 2020



Source: LAEDC 2021 Economic Forecast Highlight Report

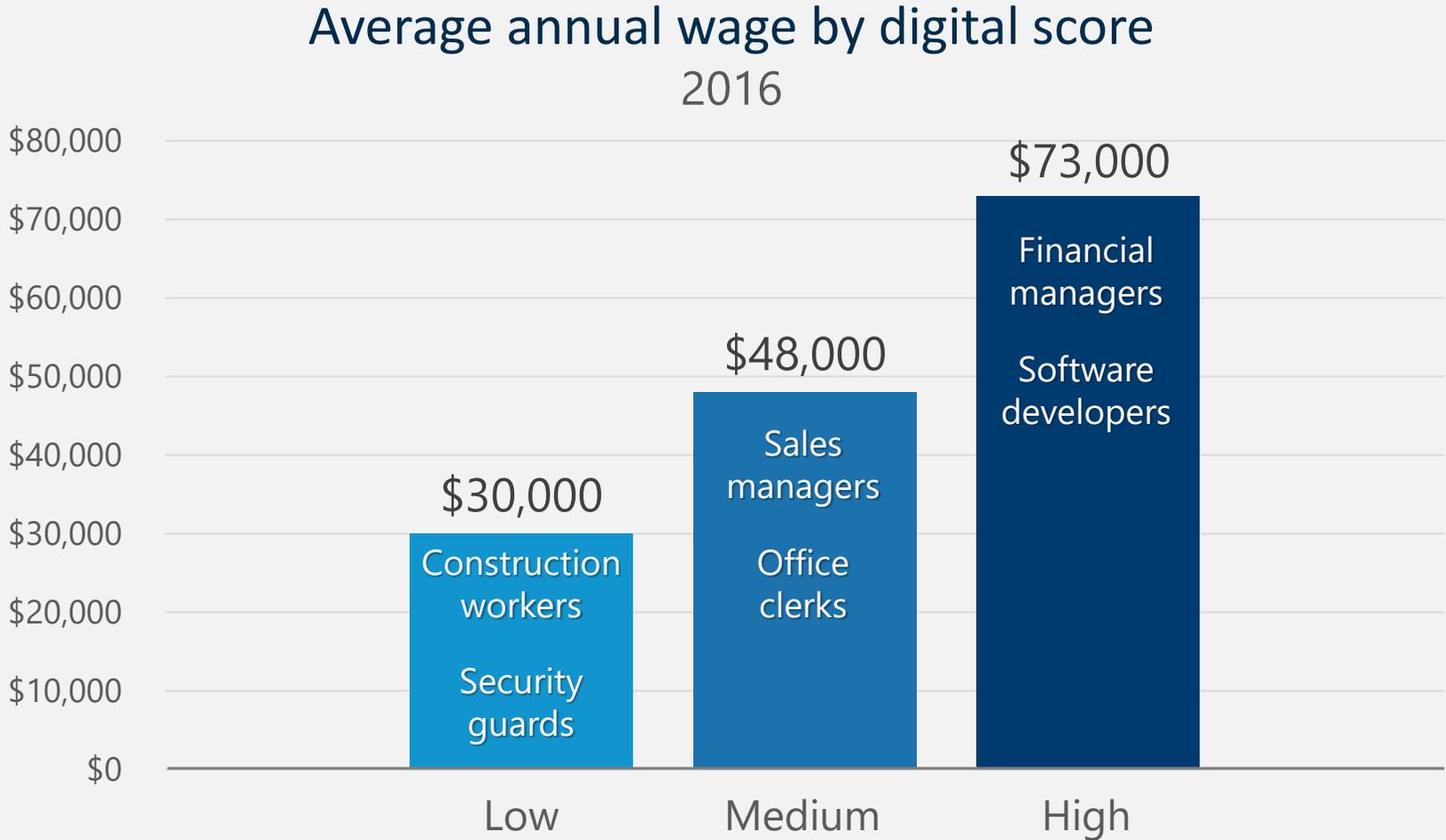
However, in a sign of a split recovery, workers employed in digital industries will fare well while those in local services will struggle

Employment growth by sector
LA county, 2022(f)



Source: LAEDC 2021 Economic Forecast Highlight Report

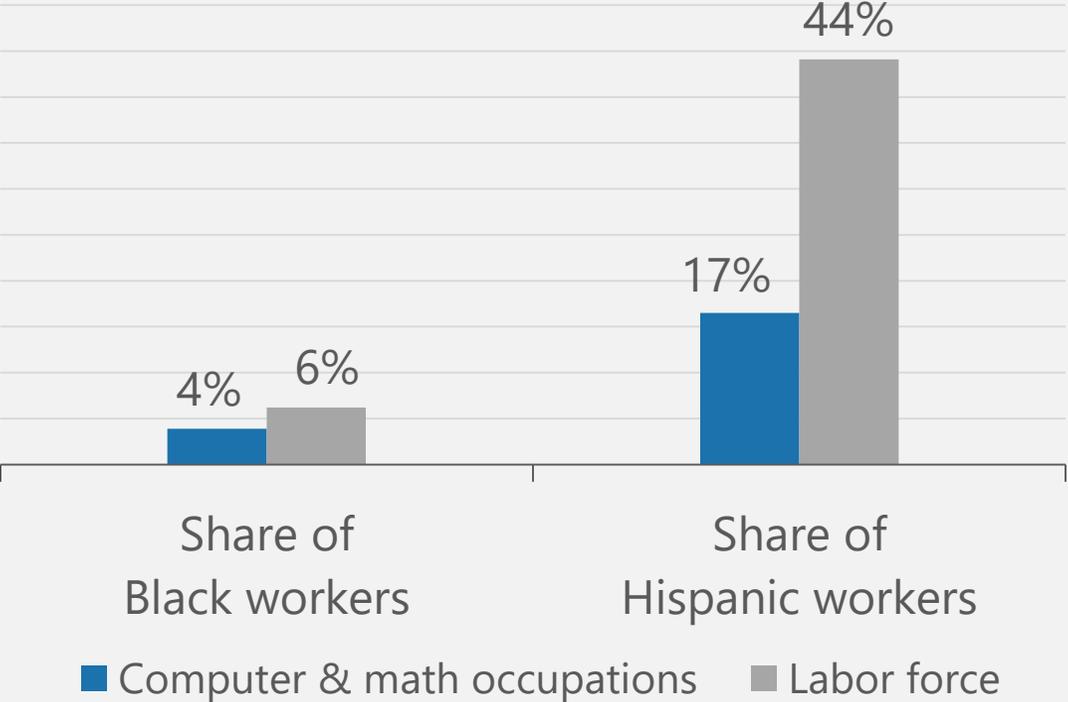
The high demand for workers with digital skills can be a platform for inclusion, leading to higher wages



Source: Brookings, "Digitalization and the American workforce," 2017

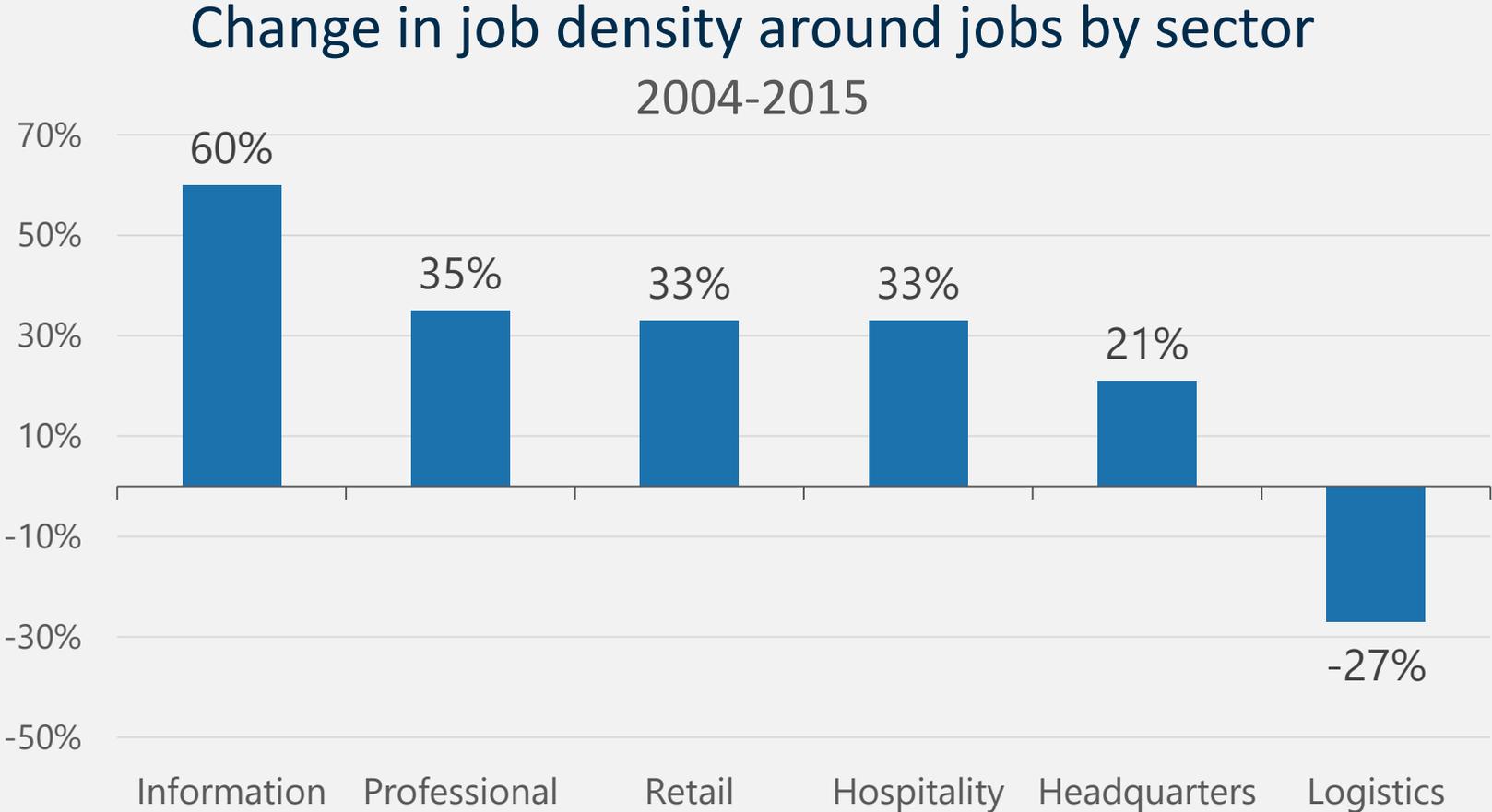
However, Black and Hispanic talent in greater Los Angeles are under-represented in high-demand, well-paying tech occupations

Racial representation in
computer & math occupations
LA metro area, 2019



Source: Brookings analysis of 2019 ACS data

Meanwhile, there is a demand for density, with high-wage and low-wage services jobs clustering the most at the neighborhood scale

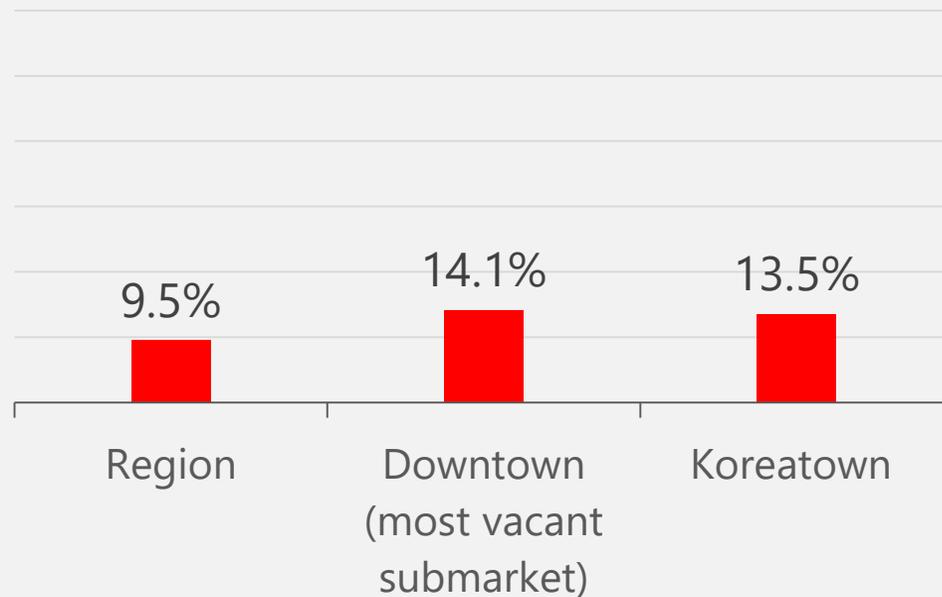


Source: Brookings, "The Great Real Estate Reset: A data-driven initiative to remake how and what we build," December 2020

As the region considers the opportunity for job density, the Los Angeles office market remains soft across neighborhood types

Office vacancy rates

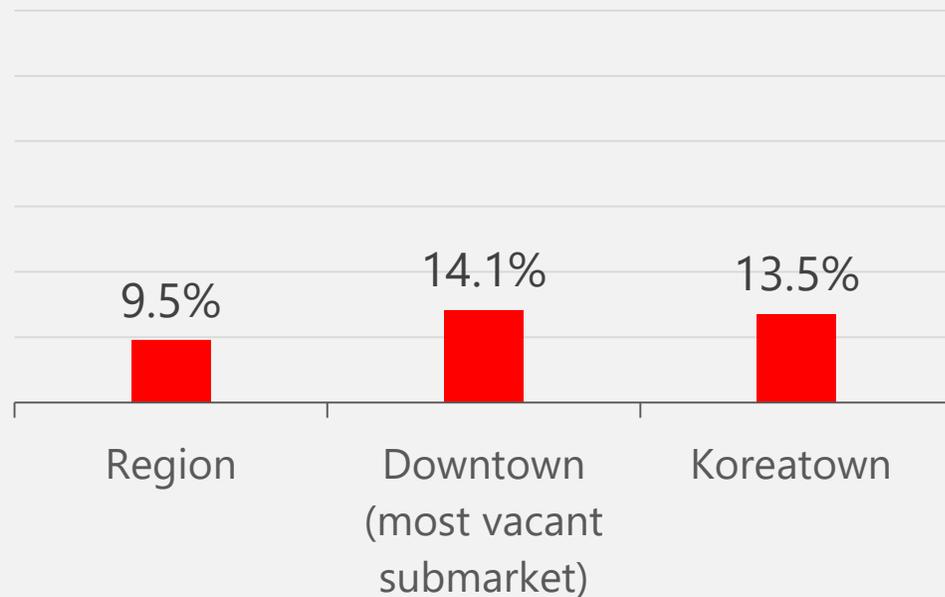
LA metro area, 2019



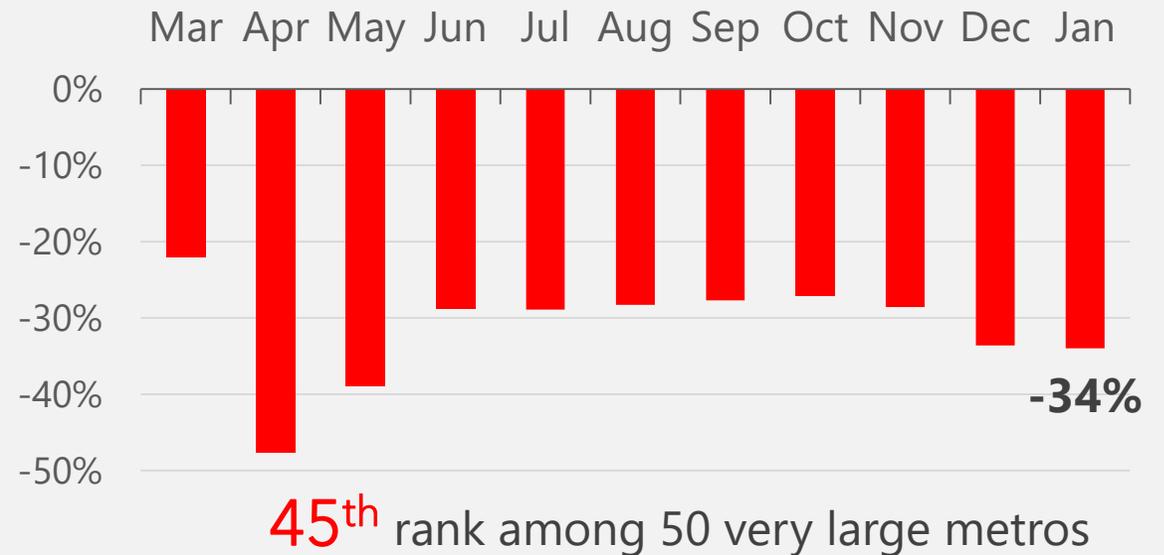
Source: Brookings, "The Great Real Estate Reset: A data-driven initiative to remake how and what we build," December 2020; Brookings, "Metro Recovery Index," January 2021

As the region considers the opportunity for job density, the Los Angeles office market remains soft across neighborhood types

Office vacancy rates LA metro area, 2019

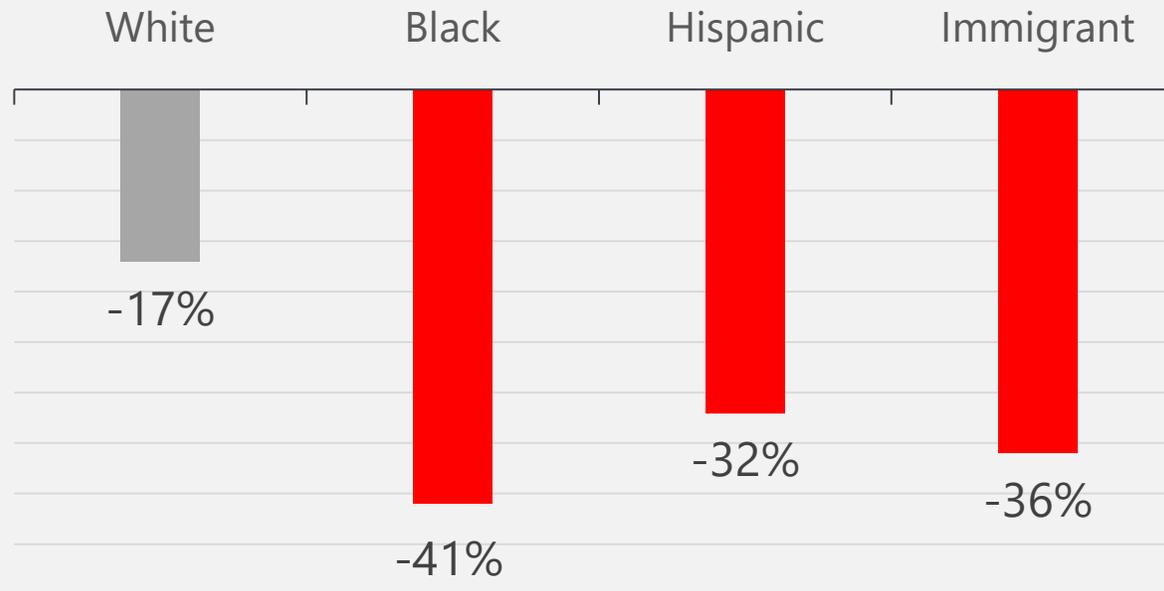


Change in small businesses open LA metro area, January 2020-21



Black, Hispanic, and immigrant business owners are uniquely vulnerable, as seen at the beginning of the pandemic

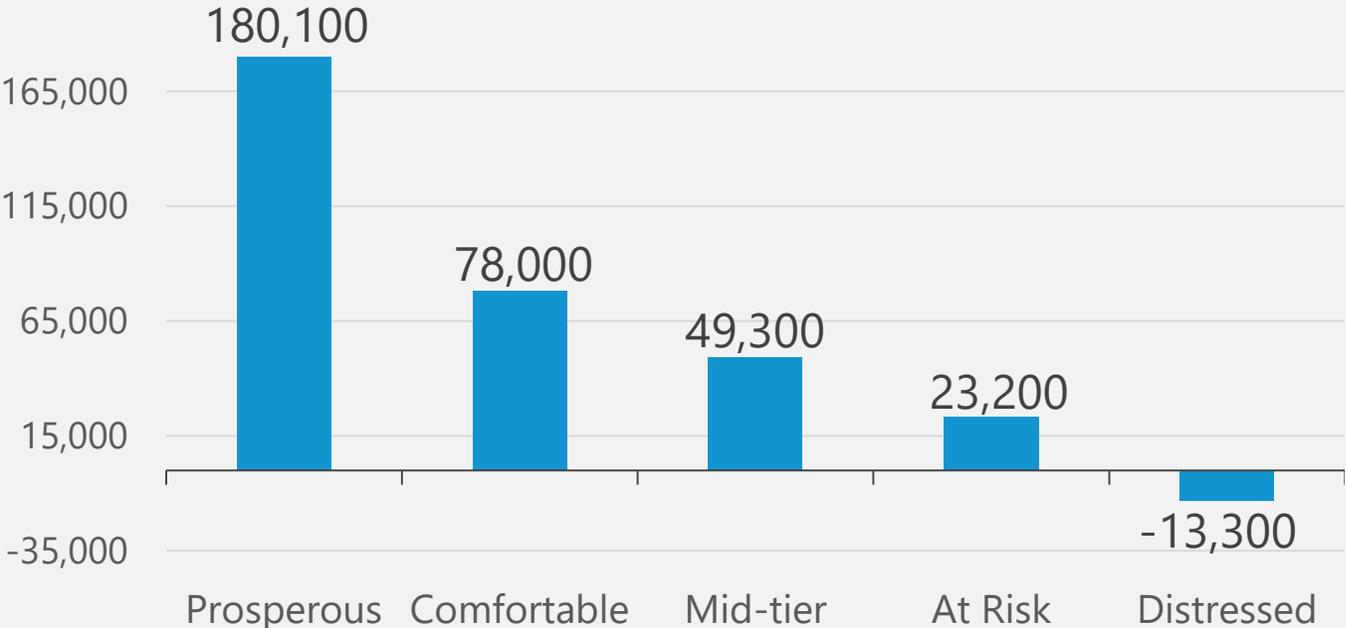
Percent change in business ownership by demographic
United States, February 2020-April 2020



Source: NBER, "The Impact of COVID-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey," 2020

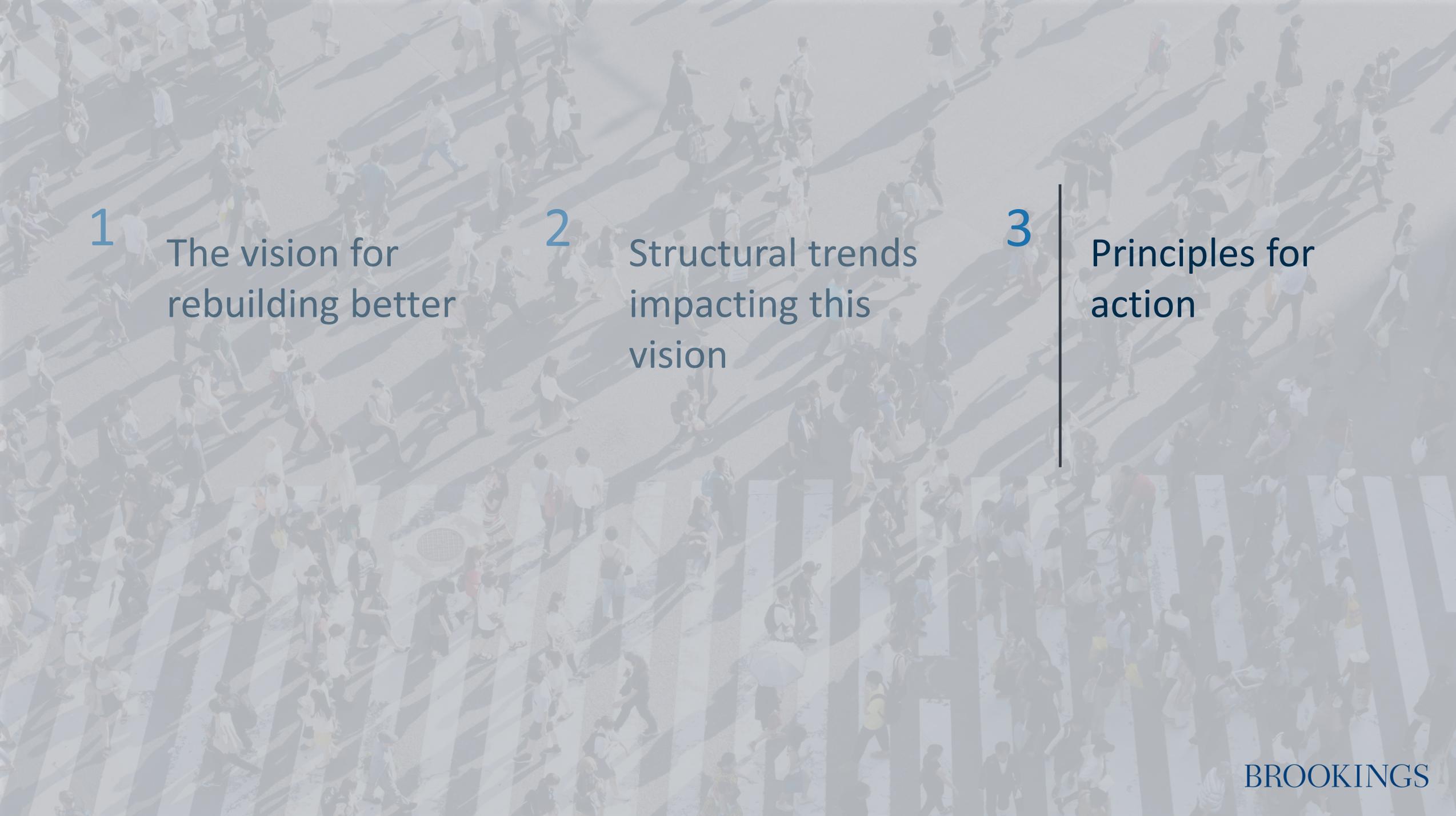
Small business recovery favors prosperous neighborhoods, exacerbating pockets of concentrated advantage and disadvantage

Increase in business establishments
2012-2016



54%
of new businesses during
the recovery were in
prosperous zip codes

Source: Economic Innovation Group, "Distressed Community Index," 2018



1 The vision for rebuilding better

2 Structural trends impacting this vision

3 Principles for action

Across the country, local leaders are adopting these principles of action to pursue a quality, equitable economy



Set goals



Pursue a holistic agenda
(quality jobs, people, and places)



Build
institutional capacity

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Leaders in the San Diego region set region-wide goals for achieving an inclusive economy



- Train **20,000** locally-produced skilled workers per year
- Create **50,000** quality jobs in small businesses and start-ups
- Create **75,000** newly thriving households, all by **2030**



Talent providers	Local employers	Community
Cajon Valley Union School District	AECOM	Central San Diego Black Chamber of Commerce
CSU San Marcos	NAVWAR	City of San Diego
MiraCosta Community College	San Diego Gas & Electric	Neighborhood House Association
UC San Diego	Teradata	San Diego & Imperial Counties Labor Council

Photo courtesy of the San Diego Regional EDC

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Build
institutional capacity

To grow good jobs, the Cincinnati business community is scaling minority-owned businesses



- Identified **67** high-potential MBEs
- Positioned them to generate **\$1.5 billion** in aggregate annual revenues
- Created over **3,500** new jobs



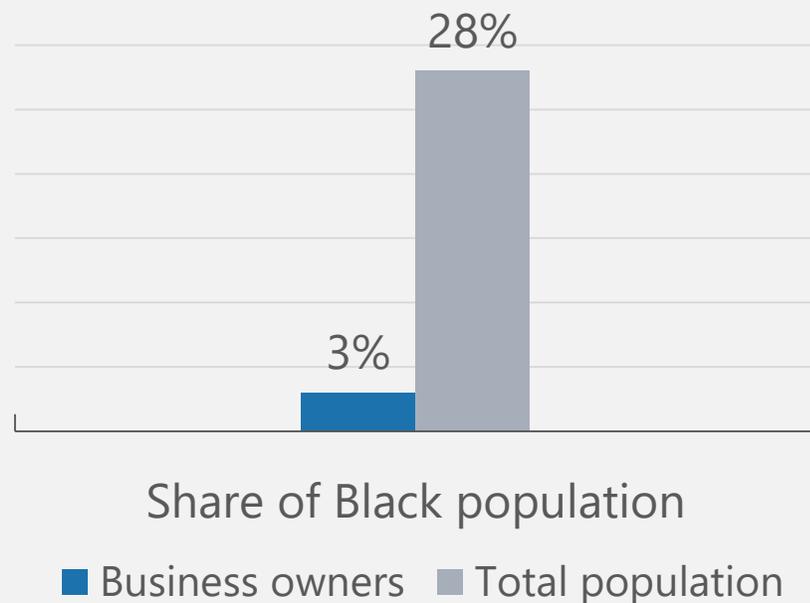
CMBC
CINCINNATI MINORITY
BUSINESS COLLABORATIVE

Program elements

- Rigorous, competitive selection process focused on growth businesses
- Regional and national subject-matter experts
- Customized, intensive wrap-around services and TA
- Access to local, regional, national capital providers
- Access/intros to new client opportunities

Related, in Birmingham, the mayor and coalition of CEOs launched VITAL, a program to improve annual corporate spending with MWDBEs

Black representation gap
in business ownership
Birmingham metro area, 2018



Participating companies	President/CEO
Alabama Media Group	Tom Bates
Protective Life Corporation	Rich Bielen
Hoar Construction	Turner Burton
Shipt	Kelly Caruso
Alabama Power	Mark Crosswhite
Mayer Electric	Nancy Goedecke
Altec Inc.	Lee Styslinger, III
Encompass Health	Mark Tarr
Regions Financial Corporation	John Turner
Blue Cross Blue Shield	Tim Vines
University of Alabama (UAB)	Dr. Ray Watts
Birmingham Business Journal	Joel Welker

Source: Birmingham Business Journal, "Woodfin, business leaders: Let's move from conversation to action," 2020

On skills, Virginia is incentivizing unemployed workers to gain skills for high-demand jobs, working with community colleges and employers



A new nonprofit partnership with 20 of the state's leading businesses and 23 of the state's community colleges. **Workers are paid \$1,000 to attend** community college programs to reskill for high-demand industry jobs.



On quality places, Portland has created community investment trusts that enable residents to co-own, and benefit from, new redevelopments



A model developed and launched in Portland by nonprofit Mercy Corps that offers affordable, communal real-estate ownership opportunity to residents (\$10-\$100 per month per investor).



Photos courtesy of Mercy Corps and the Community Investment Trust

Across the country, local leaders are adopting these principles of action to pursue a quality, equitable economy



Set goals



Pursue a holistic agenda
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Build
institutional capacity

The Indy Chamber embeds the value of economic and racial inclusion across their programs



The chamber of commerce for Indianapolis utilizes nontraditional economic development approaches, such as **inclusive employer incentives**, a **reentry entrepreneurship** development initiative, and a rapid response hub for **small businesses** and MWBEs.



Photos courtesy of the Indy Chamber

Portland Means Progress is a new public-private partnership to build a more racially inclusive economy

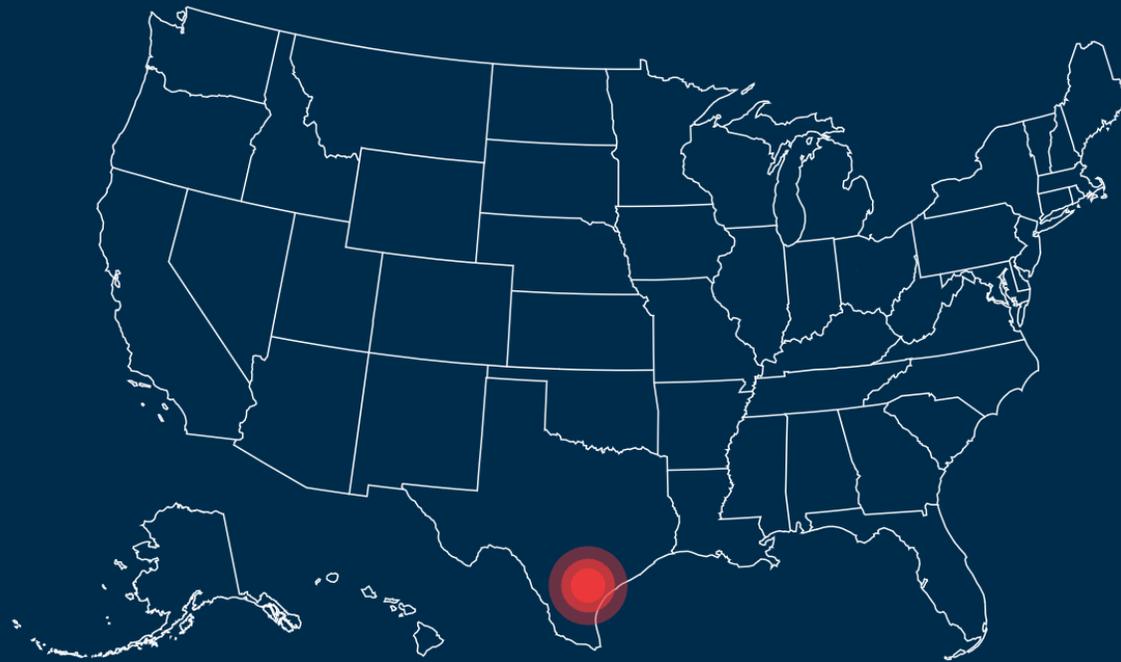
**portland
means
progress.**

A collaborative city-wide initiative that supports creating **more work experiences for Black and brown youth**, buying from small local **businesses owned by people of color**, and establishing better workplaces with **DEI trainings** for staff and leadership.



Photos courtesy of Portland Means Progress

COVID-19 Metro Recovery Watch



For more insights, visit <https://www.brookings.edu/interactives/metro-recovery-watch/>



Actionable Ideas for Economic Recovery in American Cities

This series of essays offers promising recovery responses for local and state leaders to support job creation and quality business growth, advance job preparation and wage gains, and invest in vibrant, connected communities—all while advancing racial inclusion.

[View the ideas here »](#)



Spotlight on Local Recovery Efforts

This series of case studies, informed by our local partners, lifts up and provides detailed information on novel or promising approaches, practices, and policies that can set the stage for a more equitable COVID-19 economic recovery and for longer-run inclusive economic growth.

[View the recovery efforts here »](#)



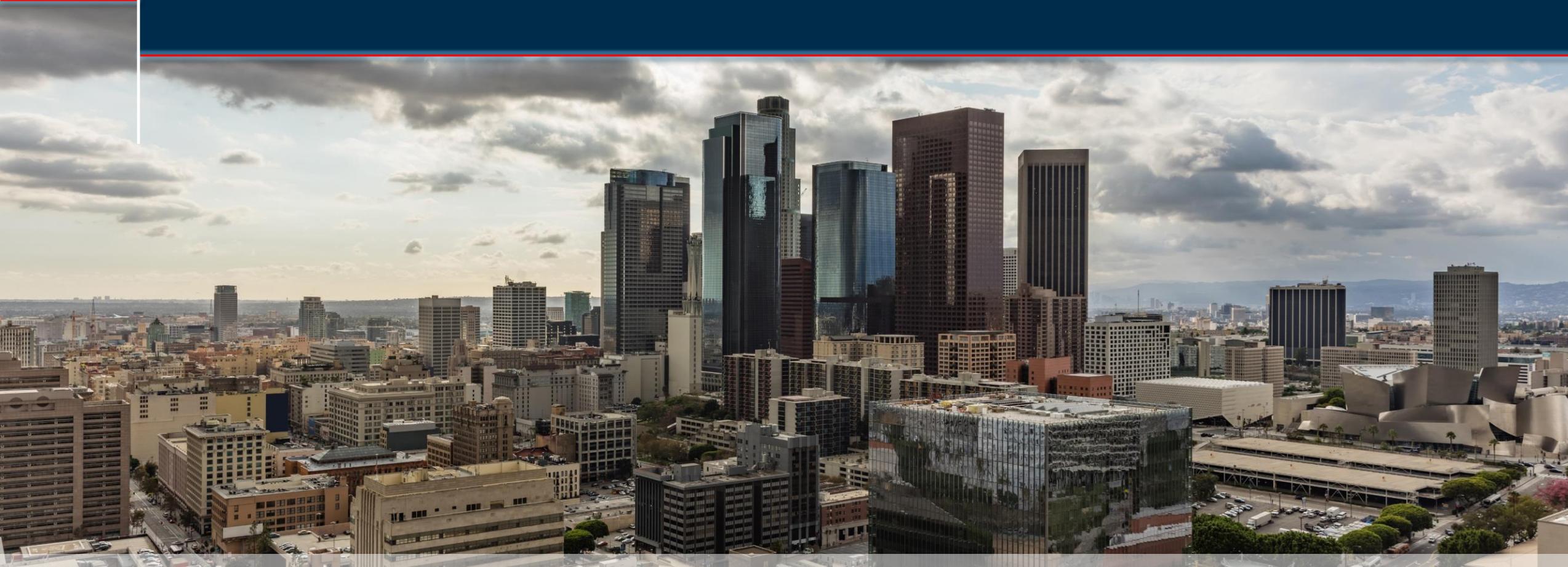
Metro Recovery Index

This interactive dataset presents a variety of recent, updated data to provide a picture of the impact of the COVID-19 crisis for large and mid-sized metropolitan areas across the country. The Index's data tracks the labor market, the real estate market, and other areas of economic activity.

[View the index here »](#)

Rebuild better

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