

HOW TO BREAK THE DOOM LOOP

ACTIONABLE INSIGHTS
FROM THE BROOKINGS
FUTURE OF DOWNTOWNS
LEARNING EXCHANGE

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Downtown Chicago, Fall 2022

Introduction

The future of downtowns is on the ballot: After four years of a prolonged recovery period from the COVID-19 pandemic, [cities](#) and [regions](#) across the nation are [releasing action plans](#) to reimagine growth in an age of hybrid work and [extreme inequality](#). However, the tools for funding, sustaining, and measuring the success of many of these plans are still being legislated and voted on—and the time is *now* for a broader coalition of downtown stakeholders to shape their implementation and success.

In the fall of 2022, the Brookings Institution's [Bass Center for Transformative Placemaking](#) launched a project focused on the future of downtowns. This research-to-action learning exchange engaged teams of public-, private-, and civic-sector leaders from four large U.S. cities—New York City, Chicago, Philadelphia, and Seattle—over several months to

explore how urban downtowns can advance more inclusive growth as they recover from the pandemic and its cascading socioeconomic aftershocks.

As part of the learning exchange, we engaged with these leaders to wrestle with the challenge of designing, implementing, and *paying for* policies that both support downtown recovery and advance shared prosperity between downtowns and neighborhoods.

Our research and engagement revealed that local leaders are struggling to navigate a growing chasm between perceptions and reality, across diverse and seemingly unrelated policy areas from [public safety](#) to [adaptive reuse](#), that cannot simply be reconciled. Instead, bridging this chasm will require multiple tailored responses and nuanced, flexible leadership in a time of hyper-partisanship.

Several previous publications reveal the complex challenges facing downtown coalitions, including:

- [Breaking the ‘urban doom loop’: The future of downtowns is shared prosperity](#)
- [Myths about converting offices into housing—and what can really revitalize downtowns](#)
- [Apprenticeships for office jobs can prepare downtowns for the future of work](#)
- [The geography of crime in four US cities: Perceptions and reality](#)
- [Homelessness in US cities and downtowns: The perception, the reality, and how to address both](#)
- [Ensuring the intertwined post-pandemic recoveries of downtowns and transit systems](#)
- [One size doesn’t fit all for understanding downtown recovery](#)

Many local leaders—both within and beyond the four learning exchange cities—have done substantial work to craft and begin implementing post-pandemic downtown plans. However, as cities

have emerged from a time of great disruption, loss, and isolation—with many public officials burned out from responding to the pandemic or facing transitions with term limits and election cycles—cities and their leaders have struggled to summon the creativity and accountability necessary to authentically incorporate progress on racial and economic justice into these agendas. For example, across major U.S. cities, the challenge of homelessness and tent encampments has come to symbolize the unfairness and the infeasibility of looking to downtowns to solve the problems of whole regions.

Getting shared prosperity right is not easy. To get the right outcomes and to fully rebuild, cities and regions need very carefully designed policies that support the economic, business, and moral case for equitable growth and that meet the needs of those traditionally marginalized in the economy and society. And careful policy design isn’t enough: cities need to be able to afford to fund and sustain them.

BOX 1

What is shared prosperity?

The textbook definition of a metropolitan area’s “prosperity” is per capita gross regional product (GRP), which is an expression of the average wealth and income an economy produces. However, U.S. metropolitan regions also contain enormous inequalities across race and place, as measured by, for example, the difference in median incomes between white and Black workers, or in the highest quintile of neighborhoods compared to the lowest quintile of neighborhoods. Shared prosperity means an economy in which prosperity grows while inequality narrows. Our colleagues at Brookings have articulated three principles that advance shared prosperity and inclusive growth:

- Creating new, high-quality opportunities for workers and businesses to grow, particularly while accounting for historical disparities across race and place
- Enhancing upward mobility for households in ways that narrow demographic disparities
- Investing in quality of life and hyperlocal civic capacity across all neighborhoods

The consequences of overlooking shared prosperity and accepting a status quo of inequality, however, are grim and make one thing clear: The real “urban doom loop” threatening U.S. cities and their downtowns are counterproductive policies that attempt to rewind to a 2019 baseline or reimplement the revitalization playbook of the 1990s. While it may be tempting to revert to such policies in a time of disruption, they would only render cities’ complex challenges harder to solve by leaving wounds bleeding under a bandage.

If local leaders instead focus on creating downtowns that people want to live in, work in, and go to—rather than places they *have* to live in, work in, or go to—by making them more diverse, flexible, accessible, and lovable, downtowns can think beyond the status quo to usher in a brighter future for entire cities and regions. Doing so, however, requires rethinking traditional structures, systems, rules, and incentives to be less rigid and dogmatic,

and it also requires broadening the coalition of actors dedicated to downtown and neighborhood recovery.

This report aims to aid local public-, private-, and civic-sector leaders in cities nationwide as they wrestle with the multifaceted challenges facing downtowns and neighborhoods. First, it presents the case for why downtowns matter—not only as the heart of their regional economies, but **as engines of inclusive economic growth and shared prosperity**. Second, we present a set of seven policy recommendations, interwoven with specific case studies, that offers concrete and actionable ways that cities can energize their downtowns to be prosperous and to be part of the solution to the growing challenge of economic and geographic inequity. Though the potential costs of the doom loop are daunting, the potential rewards of shared prosperity are inspiring.



Downtown Seattle, Fall 2022



Reading Terminal Market, downtown Philadelphia, Fall 2022

Why and how downtowns matter for shared prosperity

PRODUCTIVE DOWNTOWNS BUOY PRODUCTIVE CITIES AND REGIONS

Downtowns are the most intense clusters of jobs in their metro areas—[concentrating](#) both higher-wage jobs (such as those in finance, insurance, law, or public administration) and lower-wage jobs (such as those in the arts or hospitality). Prior to the pandemic, Brookings research on [job location trends](#) and [metropolitan America's activity centers](#) found that employers across the knowledge, innovation, and service sectors, in particular, had a strong preference for hyperlocal proximity to other employers. In other words, even after decades of suburbanization, jobs in many sectors were increasingly clustering near other jobs at the neighborhood scale, breathing new economic

energy into historic downtowns, giving rise to innovation districts, and powering new job hubs in and around cities.

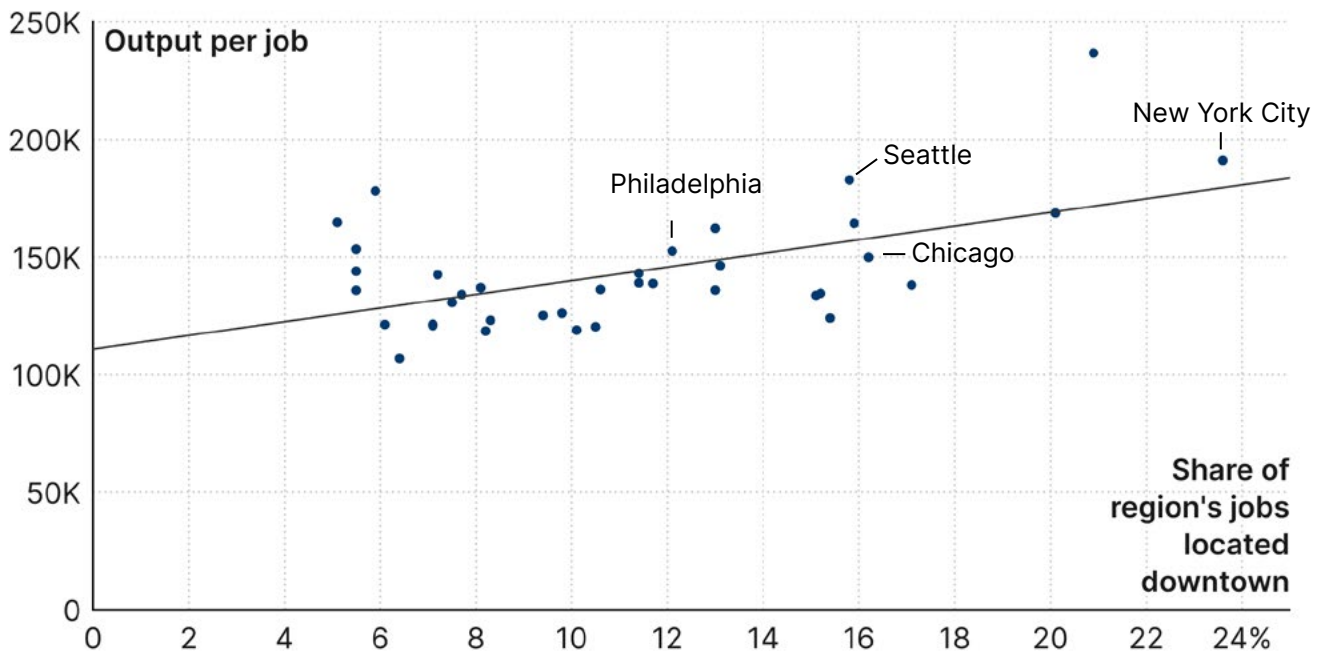
This was simply new confirmation of an age-old economic theory: the power of “agglomeration” at the hyperlocal level. There are [many explanations](#) for why this agglomeration effect occurs, including that proximity enables employers to more efficiently share labor, infrastructure, services, and amenities. Clustering also makes it easier for individuals and firms to explore and compare services, goods, and job candidates. And finally, nearness also reduces the cost of communication and boosts the odds of chance encounters, two key mechanisms that drive the transfer of knowledge and the creative spark of innovation.

These agglomeration benefits show up in measures of job value. Metropolitan regions that concentrate more of their jobs in activity centers have higher productivity per job. Figure 1 shows the 37 largest U.S. downtowns by number of jobs in 2019, excluding the outliers of San Jose, Las Vegas, and

Honolulu.¹ There is a strong positive correlation between job concentration in downtown activity centers (on the x axis) and regional productivity (GRP per job on the y axis). The more jobs located in a region's downtown, the more productive the region is.

FIGURE 1

Regional productivity rises with job concentration in U.S. downtowns



SOURCE: Brookings analysis of 2019 Census LEHD and Lightcast data

NOTE: Excludes the Honolulu, Las Vegas, and San Jose metropolitan statistical areas as outliers



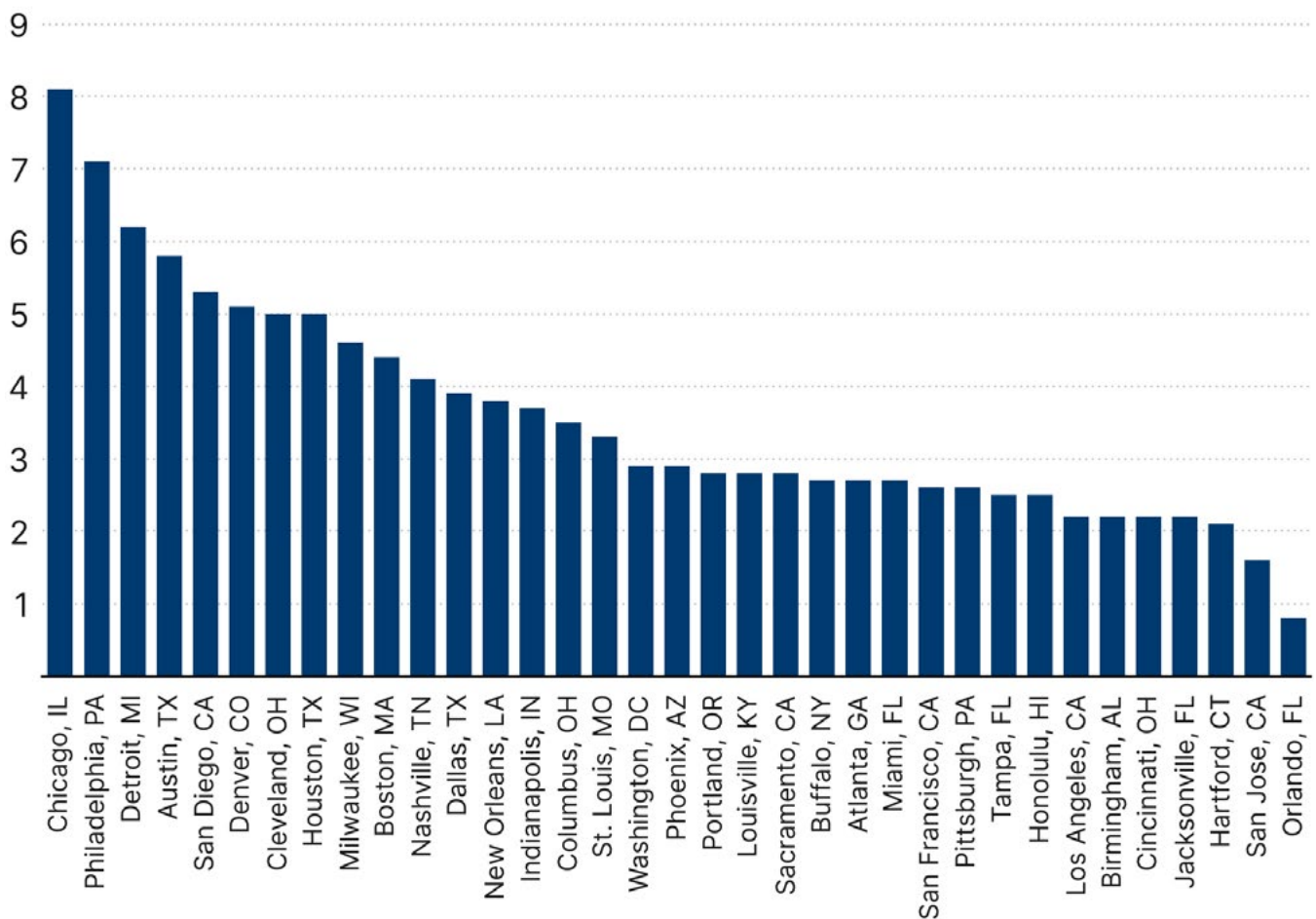
Manhattan Financial District, New York City | Photo credit: Shutterstock

This concentrated productivity effect is also measurable and visualizable in the way that land, labor, and retail markets use downtown land. Taller buildings downtown indicate the high value of land there. However, the extent to which U.S. regions

successfully leverage this downtown value varies significantly (see Figure 2), an indication that some regions have more to lose from their downtowns becoming weaker just as some have much to gain from unlocking the value of their downtowns.

FIGURE 2

Share of city-assessed property values in major U.S. downtowns compared to the downtowns' land area



SOURCE: Brookings' analysis of Zillow ZTRAX dataset (for select cities where the dataset was complete)

THE PANDEMIC: A SUDDEN COLLECTIVE ACTION THAT UNPLUGGED THE DOWNTOWN FISCAL MACHINE

Agglomeration is the [superpower of downtowns](#) and other activity centers. But the disruptions of the pandemic caused [many to believe](#) that it might also be their kryptonite. Hyperconcentration of office workers, for instance, created very high exposure to sudden shifts in office utilization trends that reduced downtowns' "daytime populations," also known as "[commuter-adjusted populations](#)."

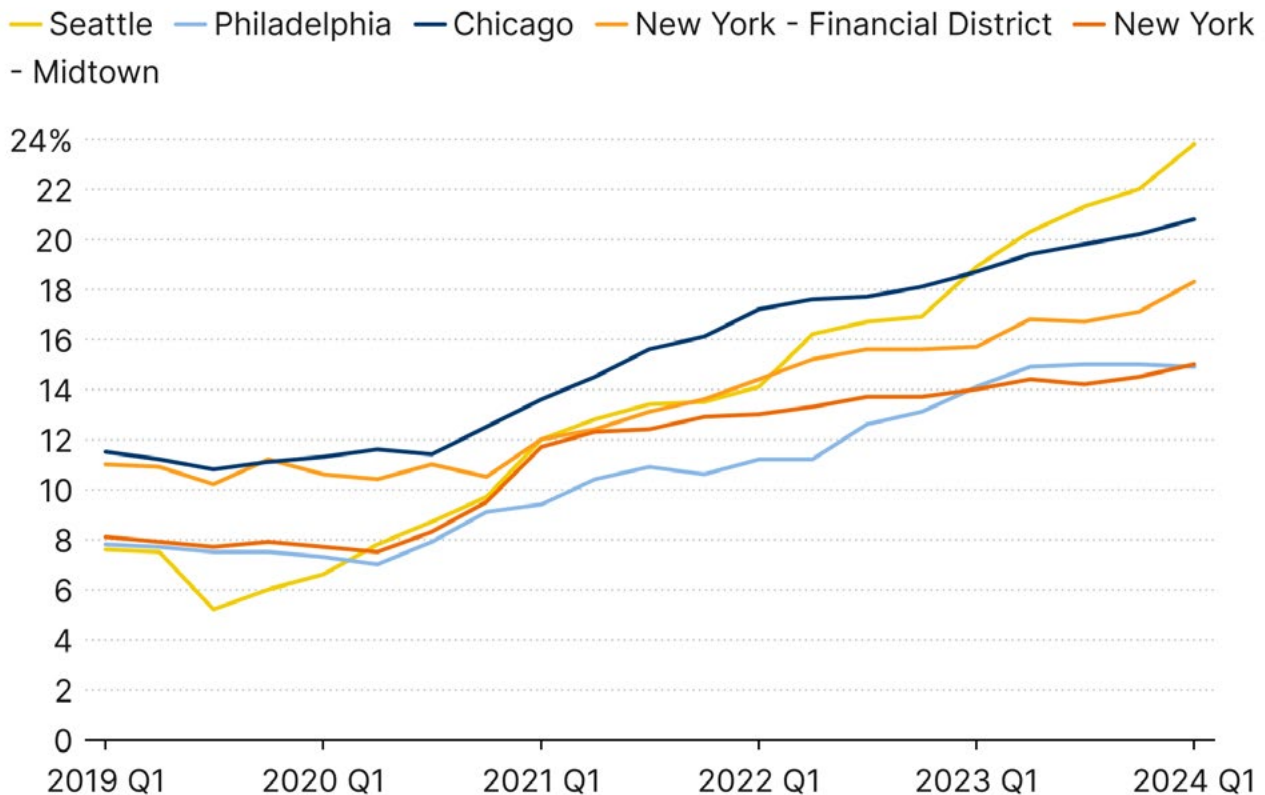
The median major U.S. downtown concentrates [11% of all jobs](#) in a region.² Some of those workers come from outside the city's boundaries: those commuting workers and city residents who also have jobs located in the city add up to the daytime

population. In 2019, the average major U.S. city's daytime population was 1.6 times the resident worker population. In other words, 64% of the jobs in the average major U.S. city were held by workers who lived outside the jurisdiction.³ For some cities with above average downtowns by these metrics, the economic disruption of the pandemic has been relatively more profound.

With the [rise of remote and hybrid work](#), employers, workers, and others are asking: are dense office clusters needed to capture agglomeration's productivity effects? After all, going online *also* makes it easy to search, reduces the cost of communication, and (at a small coordination cost per interaction) eliminates the cost of travel. The market's loud answer is shown in Figure 3: office vacancy rates are climbing.

FIGURE 3

Five-year office vacancy trends in downtown central business districts



SOURCE: CoStar

Figure 4, however, shows the significant variation in the return-to-office landscape across metro areas. Metro areas with [hospitality- and tourism-oriented economies](#), such as Honolulu, New Orleans, and Las Vegas, have the lowest work-from-home (WFH) rates. At the other end of the spectrum, metro areas with higher rates of remote work in 2021 generally saw larger declines in 2022. The largest declines were in San Jose; San Francisco; Washington, D.C.; Boston; and New

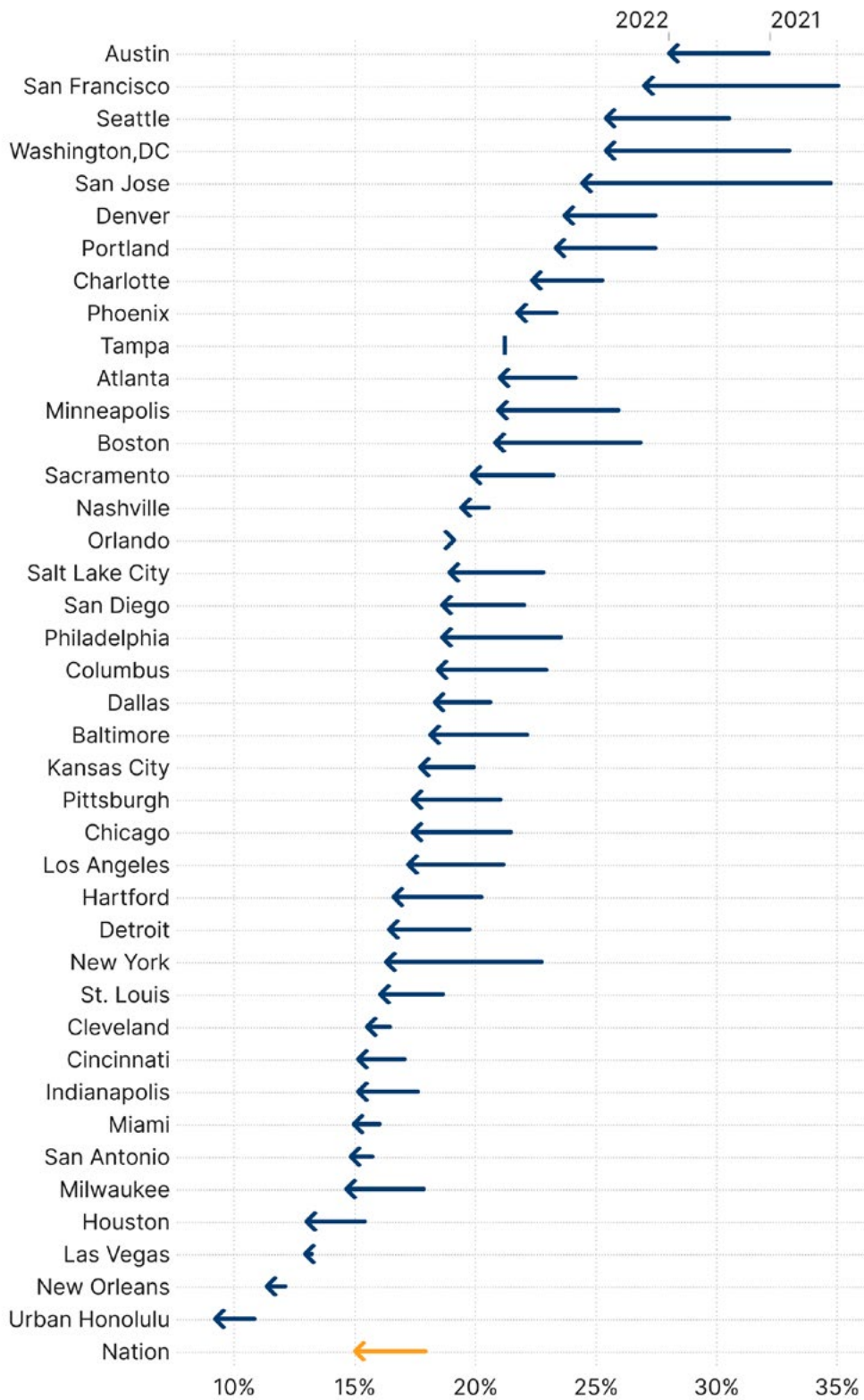
York, which all declined at more than twice the major metro average of -3.5%. While this trend suggests some reversion to the mean, the overall pattern shows considerable differences in WFH rates between places like Houston and Milwaukee, on the one hand, and Denver and Austin, on the other—differences that [early research suggests](#) is explained by a combination of job sector mix and average commute times.



Chicago, Fall 2022

FIGURE 4

Share of workers working from home, 2021 to 2022



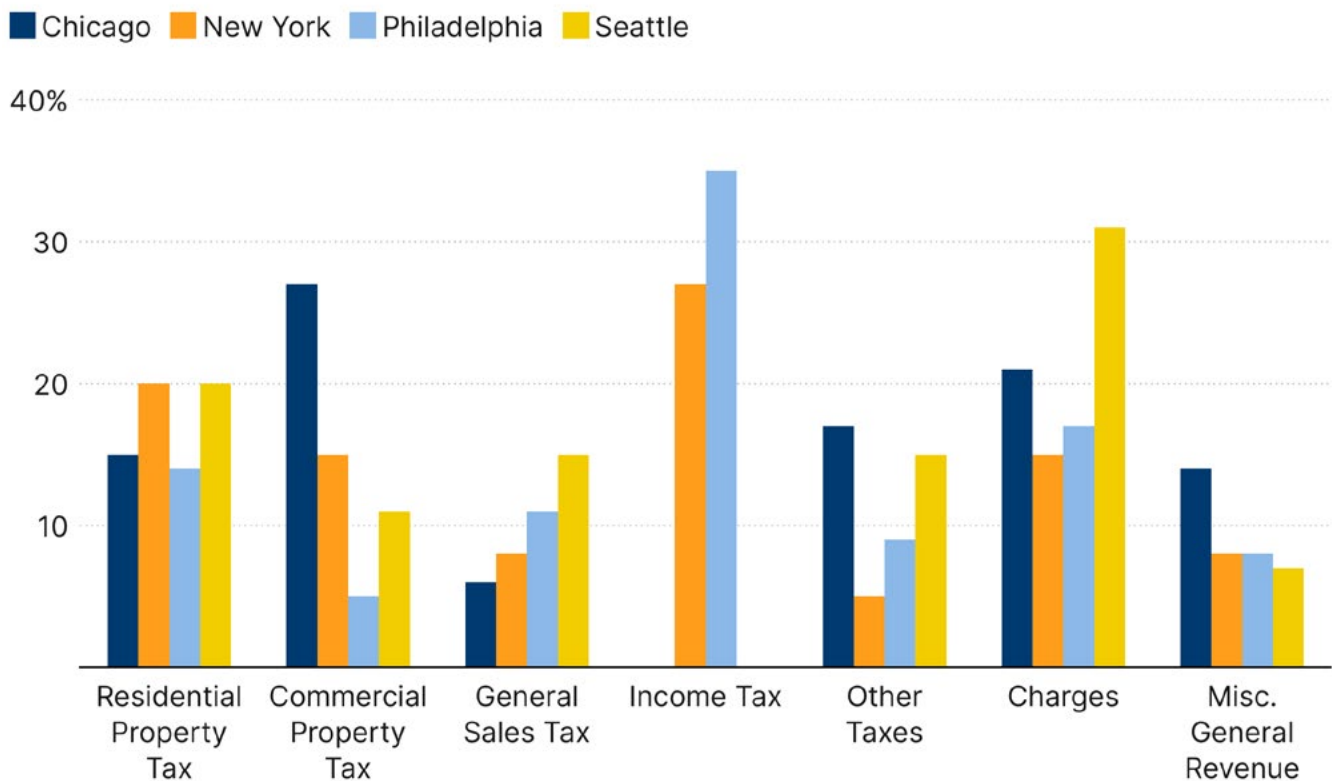
SOURCE: Brookings' analysis of American Community Survey one-year estimates

Across the board, hybrid work will still include office utilization. However, what an “office” is for an individual worker is changing. With the surge in demand for flexible offices, modern office space with flexible floor plates is retaining its economic value on a per-square-foot basis, but there is a short-term slump in aggregate demand for such space, alongside a permanent collapse in demand for outdated office layouts: these trends are disrupting overall office valuations and local property tax assessments.

In the long term, there is reason to believe that office markets will eventually right themselves and recover, but in the meantime, the fiscal damage to cities that have high exposure to commercial real estate within their revenue or broader business models will likely be significant.⁴ The varying importance of commercial real estate to city fiscal structure is shown in Figure 5 for the four cohort cities of this research, backed by [complementary analysis](#) with data for 46 additional cities.

FIGURE 5

Own-source revenue sources by share for four major U.S. cities



SOURCE: Lincoln Institute of Land Policy’s Fiscally Standardized Cities database. Distribution of residential and commercial property within property tax revenue from Brookings’ analysis of New York Department of Finance 2022 annual report, City of Chicago 2021 annual comprehensive financial report, Pew Charitable Trusts September 2022 “How Property Is Taxed in Philadelphia” report, and King County Assessor 2023 statistical and area reports.

In short, local business models that previously adapted to a five-day, in-office work week do not have the capacity to adjust to the lower daytime populations inherent in a shorter in-office work week, with the substantial reduction in [business travel](#) and an [uneven tourism recovery](#) on top of these trends. These business models include not just local-serving retailers, but also transit systems that rely on fares. The consequence is cascading second-order municipal fiscal effects in terms of lost sales taxes and fare revenue. These fiscal effects have had particular consequences for regional transit systems.

THE FALLOUT: FOOT TRAFFIC, SAFETY, AND UNSHELTERED HOMELESSNESS

Changes in office use patterns, tourism, and visitation have had significant and lingering ramifications for downtown foot traffic beyond fiscal consequences, including heightened concerns about safety and public disorder.

New data from [digital cell phone tracking technologies](#) help spell out the scale of downtowns' foot traffic challenges. In the fall of 2019, there

were 2.43 million people in Manhattan south of Central Park on a typical Thursday (see Table 1). By the spring of 2021, this total had collapsed to 1.78 million people, a 27% reduction. The total has moved only slightly since, hitting 1.84 million people in the fall of 2023, the last time period for which data are available. The change in people counts downtown for our cohort cities between the fall of 2019 and the fall of 2023 are shown in Table 1. These double-digit losses in aggregate demand represent an incredibly inefficient use of existing buildings and infrastructure that had been supporting a much larger population just a few years ago.

Along with these fluctuations in downtown foot traffic and activity came [new concerns about crime, safety, and public disorder](#) in central business districts—thrusting many place governance and business leaders into the forefront of public safety discourse and decisionmaking. Heightened fear of crime and disorder has also taken on increased political salience for elected officials in the pandemic recovery period, dominating mayoral elections in [Chicago](#), [Philadelphia](#), and other [cities nationwide](#).

TABLE 1

Change in downtown foot traffic in four major U.S. downtowns

City	Fall 2019	Fall 2023	Change
New York	2.43 million	1.84 million	-24%
Chicago	789,000	623,000	-21%
Philadelphia	358,000	312,000	-13%
Seattle	364,000	289,000	-21%

SOURCE: Brookings' analysis of Replica data

Without a doubt, the pandemic recovery period witnessed unusual—and at times, alarming—fluctuations in crime. In 2020, for instance, homicides spiked by [nearly 30%](#) to levels not seen since the early 1990s. As a [Brennan Center for Justice report](#) found, “violent crime dropped in 2021 and 2022—and then declined again, significantly, in 2023,” and [homicides returned to rates comparable to 2005](#). Property crime trends have been more of a mixed bag, as [motor vehicle thefts have risen](#), and some cities, like [New York and Los Angeles](#), have experienced sharp upticks in shoplifting. Overall, however, shoplifting and retail theft are down [in most places](#), including in cities like San Francisco, with data [refuting](#) widespread narratives of increases.

Despite the positive trend lines for declines in crime since 2021, perception does not always catch up with reality, and heightened fear of crime remains a salient issue for downtown and municipal leaders alike. Indeed, Americans’ perceptions of crime long have been out-of-step with the reality of crime trends: [Gallup polling over the past 25 years](#) consistently shows that Americans believe crime is up, even when it’s down. The disruptions wrought by the pandemic—including diminished foot traffic, increased financial precarity, and fewer opportunities for social interaction—likely contributed to heightened fear of crime in the years since, even with historic declines in 2023.

U.S. cities are also under increased pressure to address homelessness, particularly in [downtown central business districts](#)—which are often [the most visible hubs](#) for people experiencing homelessness to gather and access services. Data confirm the urgency of this imperative nationwide, as the U.S. witnessed a striking 12% increase in [homelessness](#) between 2022 and 2023, with a [15% increase](#) in major cities.

Despite this grim national picture, however, glimmers of hope remain. Our [analysis](#) found that, in nine out of the 44 major cities that completed full point-in-time counts in 2023, homelessness rates either remained stable or declined between

2022 and 2023, with rates in Austin, Texas; Raleigh, North Carolina; Indianapolis; and Colorado Springs, Colorado, declining by more than 10 percentage points. Major metros in Texas [have also made significant progress](#), with the Houston metropolitan area achieving the lowest rate of homelessness of any major U.S. city.

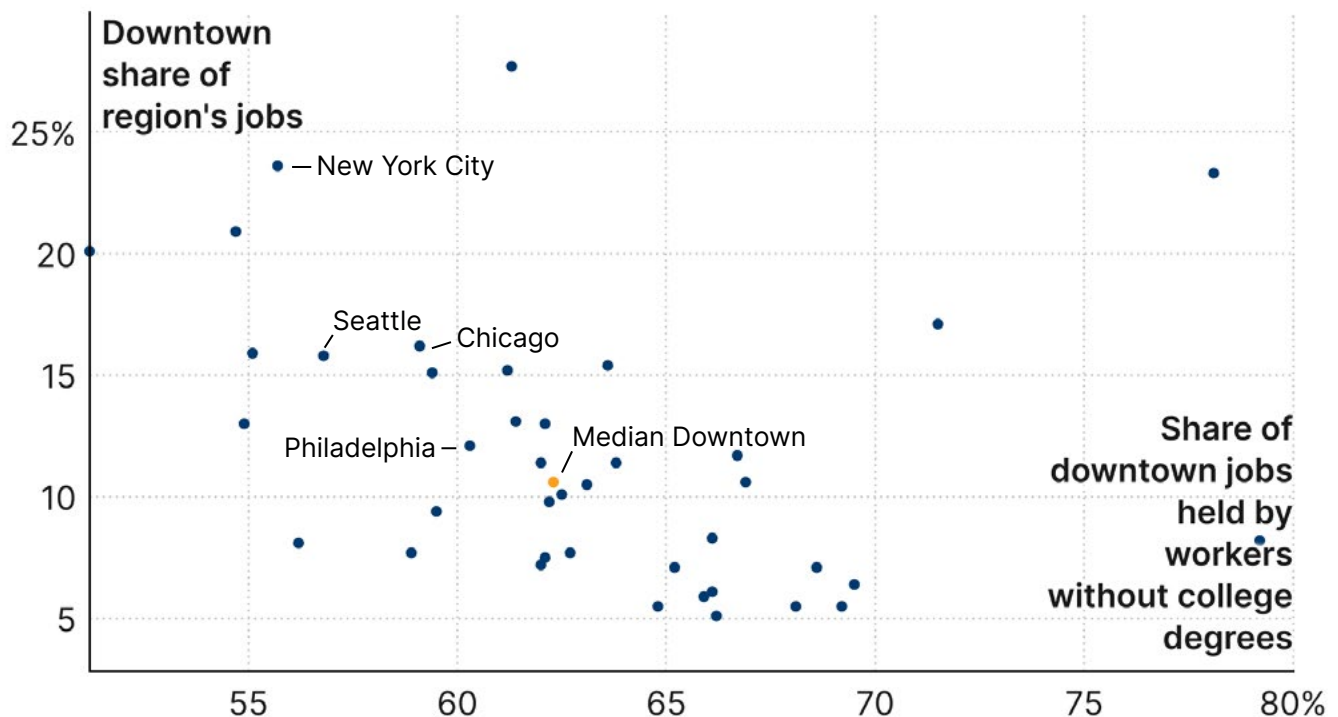
DOWNTOWN DECLINE HURTS EVERYONE, ESPECIALLY LOW-INCOME ESSENTIAL WORKERS

The implications of diminished downtown office activity for retail, hospitality, and other support-sector employers and workers are profound. With knowledge economy workers now spending more time in their home neighborhoods than in their office locations, the markets for food prepared outside the home and other daily needs and desires have diffused and shifted in space.

Before the pandemic, downtowns were clusters not just of high-paying knowledge economy jobs but also of accessible support-sector jobs that paid an income premium relative to the region as a whole. In 2019, the median major U.S. downtown (the [40 largest downtowns by job count](#)) clustered 11% of its region’s jobs on 0.1% of its region’s land area.² For all 40 major downtowns, more than half of those jobs did not require a college degree (see Figure 6). Dispersing office employment dislocates these support jobs. In some cases, this creates long and expensive commutes for essential workers who can least afford them, as illustrated by the [poignant story](#) of the employees of a San Francisco salad shop, as told by Conor Dougherty and Emma Goldberg in *The New York Times*. In other cases, the jobs are lost altogether and [replaced by precarious gig work](#) as delivery and ride-hailing services replace walkable retail and transit-oriented jobs.

FIGURE 6

Downtowns concentrate accessible jobs, by both location and educational attainment



SOURCE: Brookings' analysis of data from the U.S. Census Bureau's 2019 Longitudinal Employer-Household Dynamics survey.

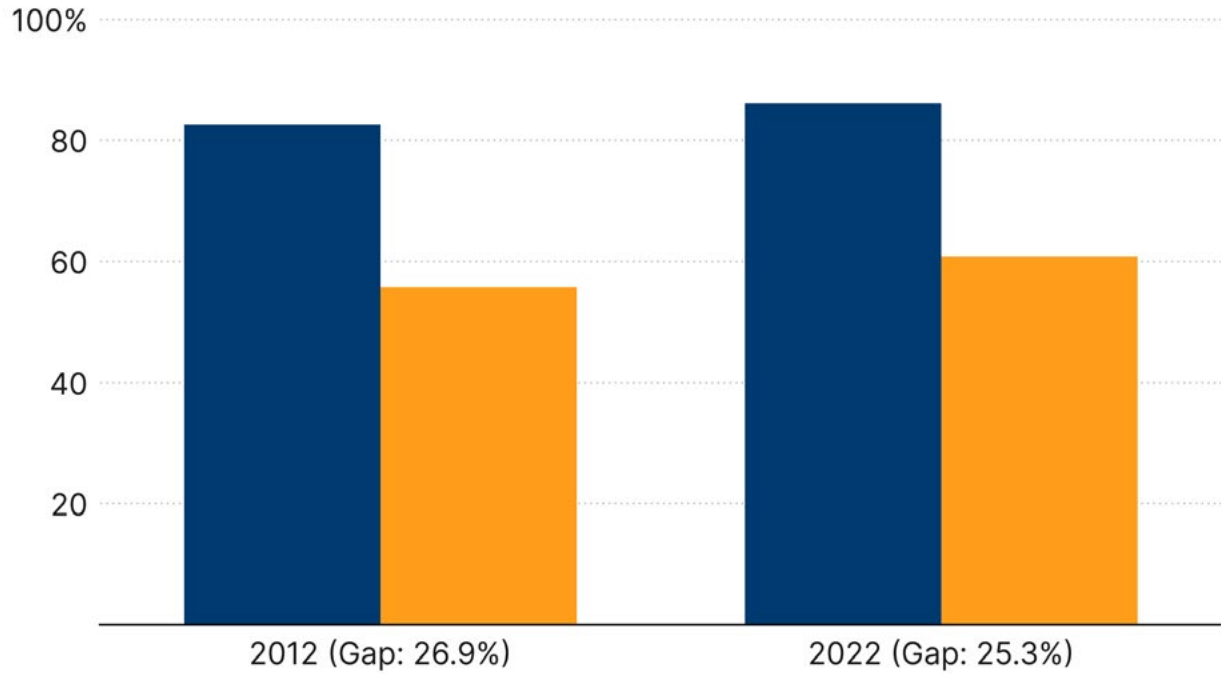
These disruptions have the potential to drastically exacerbate regional inequality. Figure 7 shows that, as the economy started to emerge from the pandemic in 2022, a 25-percentage-point gulf that existed in 2012 remained between employment rates in the highest and lowest income census tracts of the average major metropolitan area. With their geographic location at the center of regions, downtowns are uniquely positioned to address

geographic inequality—and doing so can in turn strengthen their locational advantage and broaden their coalition.

Within this challenge, there is an opportunity for downtowns to leverage the power of agglomeration to offer a broader group of city residents economic opportunities beyond the service sector.

FIGURE 7

Large employment rate gaps persist between high-income and low-income neighborhoods



SOURCE: Brookings Metro Monitor 2024 analysis of U.S. Census Bureau data



Philadelphia, Summer 2024 | Photo credit: Bryan Littel / Shutterstock



Chicago, Fall 2022

Policy recommendations: Seven ways downtowns can rebuild through shared prosperity

There is no going back in time to 2019. Downtowns will need to adapt to remain relevant, and building the political coalition needed to support any change will require downtowns to more directly serve not just their most traditional stakeholders, but everyone who lives in cities.

The remainder of this report offers a set of seven data-driven policy recommendations, with specific guidance for public-, private-, and civic-sector leaders to unlock the next generation of inclusive growth anchored in strong downtowns. Policy recommendations are a menu of options that depend on market context and existing city conditions, such as hub-and-spoke transit systems. They must be tailored to place-based realities.

1. Create the next generation of adaptive reuse policies

Removing obsolete office buildings strengthens demand for the remaining buildings. Building more housing near the remaining product has a similar

effect, so converting obsolete offices into housing does have a particular elegance. However, there is almost certainly a gap between the amount of slack in the office market currently and the number of office-to-residential conversions that are economically feasible at the current cost of capital in most cities. This means that the office market would benefit from public sector intervention to close that gap.

However, the political coalition supporting public intervention in the downtown commercial real estate market is limited, especially in superstar cities. Therefore, policies to facilitate the adaptation of the built environment to a changing economy and society should be tooled broadly to include many interventions that offer the whole city something while also stabilizing the office market, rather than hyper-focusing on one particular change (converting downtown offices into housing) that targets a very specific set of buildings and their owners (see Table 2).

TABLE 2

Examples of how to create the next generation of adaptive reuse policies for downtown recovery

What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> Tailor policies to the reality that the office market is bifurcating by offering one set of strategies for buildings that can viably remain offices while facilitating adaptive reuse for truly obsolete product 	<ul style="list-style-type: none"> Local governments 	<ul style="list-style-type: none"> Using foregone tax revenue in the form of tax credits or tax abatements, while a real cost to local governments in future years, is offset in the case of adaptive reuse by avoiding projected future losses due to no action
<ul style="list-style-type: none"> Reform zoning ordinances (by using form-based codes, eliminating overlays, reducing parking/loading requirements, and/or eliminating use mandates) to make it easier to convert buildings, or spaces/ floors within buildings, from one use to another 	<ul style="list-style-type: none"> Local governments 	<ul style="list-style-type: none"> No cost to local governments
<ul style="list-style-type: none"> Right-size government office buildings by disposing of underutilized land and making that land available for development 	<ul style="list-style-type: none"> Local, state, and federal government 	<ul style="list-style-type: none"> Governments may potentially save costs on maintenance for unneeded facilities Because publicly owned buildings generate no property tax revenue, public asset disposal can also expand the tax base The work of the Public Buildings Reform Board is piloting this concept at the federal level The proposed Government Facilities to Affordable Housing Act would facilitate this work for all levels of government
<ul style="list-style-type: none"> Provide green tax incentives for office conversions that sequester carbon by recycling existing buildings 	<ul style="list-style-type: none"> Federal government 	<ul style="list-style-type: none"> Make office-to-residential conversions eligible for competitive grants through the Greenhouse Gas Reduction Fund

- Increase affordable housing and transit-oriented development subsidies for both adaptive reuse and new construction projects
 - Local, state, and federal government
 - Direct subsidies like tax increment financing, tax credits, and tax abatements are possibilities
 - Dedicated new revenues from underused sources such as [parking](#)
 - In a higher interest rate environment, lower-cost access to capital is also helpful, such as through private activity bonds or federal programs like the [Transportation Infrastructure Finance and Innovation Act](#)
-

- **M-CORE, New York City:** New York City's policy responses to the challenges facing the office market merit highlighting. First, the city is offering a [modest suite of tax incentives](#) that use no existing general fund revenue to promote modernization of struggling office buildings to increase their attractiveness to employers. Among other concessions, the Manhattan Commercial Revitalization Program (M-CORE) program offers building owners a medium-term sales tax exemption on materials used for renovations. In addition to encouraging property owners to invest in their assets for the long term, such a program has the potential to stabilize components of the tax base (rather than risking decline), increase office utilization (and thus foot traffic), and promote transit. In fact, the program is targeted to buildings within almost the exact same geographic area as the proposed-but-stalled congestion pricing zone.
- **City of Yes for Economic Opportunity, New York City:** In terms of adaptive reuse, New York's [City of Yes for Economic Opportunity](#) proposal demonstrates a modern political approach to the case for liberalizing policies that constrain commercial development. The proposal is framed as one that benefits small businesses

in neighborhood commercial corridors, and it contains [real policy proposals](#) that offer meaningful value to this city-wide constituency. In the same package, reforms to [allow strategic uses](#) currently confined to industrial areas within the city to office zones offer the double benefit of reducing economic pressure on the city's dwindling industrial areas that are needed for logistics and also shifting activity into office zones that need diversified demand. Only after rolling out the M-CORE program to upgrade office buildings and "City of Yes" proposals to make it easier to convert offices into other commercial uses does the [City of Yes for Housing Opportunity](#) offer policy proposals to convert offices into housing.

- **La Salle Reimagined, Chicago:** The LaSalle Reimagined initiative in Chicago is also notable as the "[most generous](#)" direct infusion of public capital to convert offices into housing in the U.S. The initiative will bring the next wave of adaptive reuse to the Loop in a newly inclusive way through office-to-residential conversion with major affordable housing commitments. It is worth noting that the housing affordability crisis is [a major component](#) of what is motivating voters' concern about the economy, and

economic development plans that do not address affordability feel unresponsive and out of touch. Even after a change of mayors, the new mayor, Brandon Johnson, and his administration in Chicago found a [compromise path forward](#) that right-sized the LaSalle Reimagined program for the city's budget reality while [preserving](#) the 30% affordable vision.

2. Diversify the job mix downtown, while creating and/or strengthening equitable pathways to opportunity industries for all residents

Office-using employment will continue, but given the structural reduction in demand for support services, cities need new ways to strengthen the availability of [good and promising jobs](#) in and around downtowns. This is not just an argument for equity and inclusion: place-based workforce development investments to establish and grow diverse pathways in job sectors [concentrated in downtowns](#) can directly address labor shortages

and can lower costs by increasing the predictability and reliability of talent recruitment, thus making downtowns more attractive locations for employers and strengthening aggregate office demand.

Allowing or facilitating the growth of creative and hospitality-oriented sectors of the economy that activate downtowns on nights and weekends is a complementary strategy that may also indirectly boost office demand. Empowering the creative and hospitality sectors has a dual impact of reaching more people for employment while also creating more dynamic and diverse downtowns as destinations. This can be as simple as investing in high-quality public spaces and refining and formalizing temporary adaptations from the pandemic that reallocated portions of public streets to outdoor dining (see Table 3). Music audits are a more expansive strategy that has [demonstrated promise](#) and has the uniting benefit of serving both downtowns and neighborhoods.



New York City Midtown skyline | Photo credit: Shutterstock

TABLE 3

Examples of how to strengthen job pathways as part of downtown recovery

What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> Identify opportunity industries and align economic development policies and programs to incentivize their location in activity centers 	<ul style="list-style-type: none"> Public sector staff, including from city and county economic development, land use, and workforce development agencies Quasi-governmental and private intermediaries such as state-established regional economic development authorities and coalitions of major employers that operate at the regional level 	<ul style="list-style-type: none"> Existing federal competitive place-based grants such as the Economic Development Administration's Planning, Technical Assistance, and Research grants or Recompete Pilot Program The proposed federal Trade Adjustment Assistance for Communities Program Many states also have planning grants or technical assistance programs for local economic development, such as Indiana's Regional Economic Acceleration and Development Initiative
<ul style="list-style-type: none"> Cultivate place-based workforce development infrastructure that connects underemployed residents to good jobs in opportunity industries, with a particular focus on “earn-and-learn” models 	<ul style="list-style-type: none"> Major employers Public-sector economic development agencies Local and regional educational institutions Other intermediaries such as business improvement districts 	<ul style="list-style-type: none"> Philanthropy State higher education institutions in partnership with workforce development boards that manage existing federal and state funding Major employers
<ul style="list-style-type: none"> Increase public funding for public community, city, regional, and state educational institutions that have a track record of creating pathways to opportunity 	<ul style="list-style-type: none"> State and federal government 	<ul style="list-style-type: none"> The proposed federal Boosting University Investments in Low-Income Districts (BUILD) Act Dedicated local property taxes and state appropriations
<ul style="list-style-type: none"> Support the recovery of the creative and hospitality sectors from the devastating impacts of the pandemic through strategic policy and placemaking investments 	<ul style="list-style-type: none"> Place management entities, such as business improvement districts (BIDs) and Main Street programs Municipal governments Other community-based organizations 	<ul style="list-style-type: none"> Federal funding, such as American Rescue Plan Act (ARPA) dollars New or expanded state authorizations and investments in special districts such as proposed BID legislation in Illinois (House/Senate)

Even prior to the pandemic, some place-based economic development approaches were finding success with strengthening accessible job pathways, including:

- **The West Philadelphia Skills Initiative:** In Philadelphia, the University City District's [West Philadelphia Skills Initiative](#) has worked since it began as a small pilot in 2009 to connect residents of West Philadelphia, almost all of whom are Black, to jobs at local anchor institutions and major employers. As the program has refined its [model](#), demonstrated success, and grown, it now serves [over 200 residents](#) per year with training and relationships to a range of industries including childcare, construction, education, government, medicine, landscaping, and transportation.
- **Northland Workforce Training Center, Buffalo, New York:** In western New York, [Empire State Development](#) (the state's umbrella economic development financing entity) partnered with the [University at Buffalo Regional Institute](#) (a research center at the University at Buffalo, the state's flagship public university) and [State University of New York \(SUNY\) Erie Community College and SUNY Alfred State College](#) to create the [Northland Workforce Training Center](#). The center serves over 300 students per year, largely drawn from Buffalo's east side neighborhoods, where 72.9% of the residents are [Black](#). The program has rapidly established a [track record](#) of high graduation rates and high placement rates in advanced manufacturing and energy careers.

3. Make downtowns more livable for more workers

Policies that make it easier and more attractive to work downtown can create broad-based benefits for a wide spectrum of workers. This section highlights three policies that can be programmatically connected to downtown recovery and that directly address racial and geographic gaps in workforce participation. First, in high-cost

metropolitan areas, [the cost of housing near jobs](#) is a barrier to work. Second, the availability of affordable, high-quality daycare for young children can both encourage office utilization by knowledge economy workers and workforce participation by single mothers. And finally, bolstering workforce development, housing, and other reentry supports for returning citizens, in particular, represents a cost-effective tool to both staff downtown ambassador programs and increase safety.

Housing as workforce development

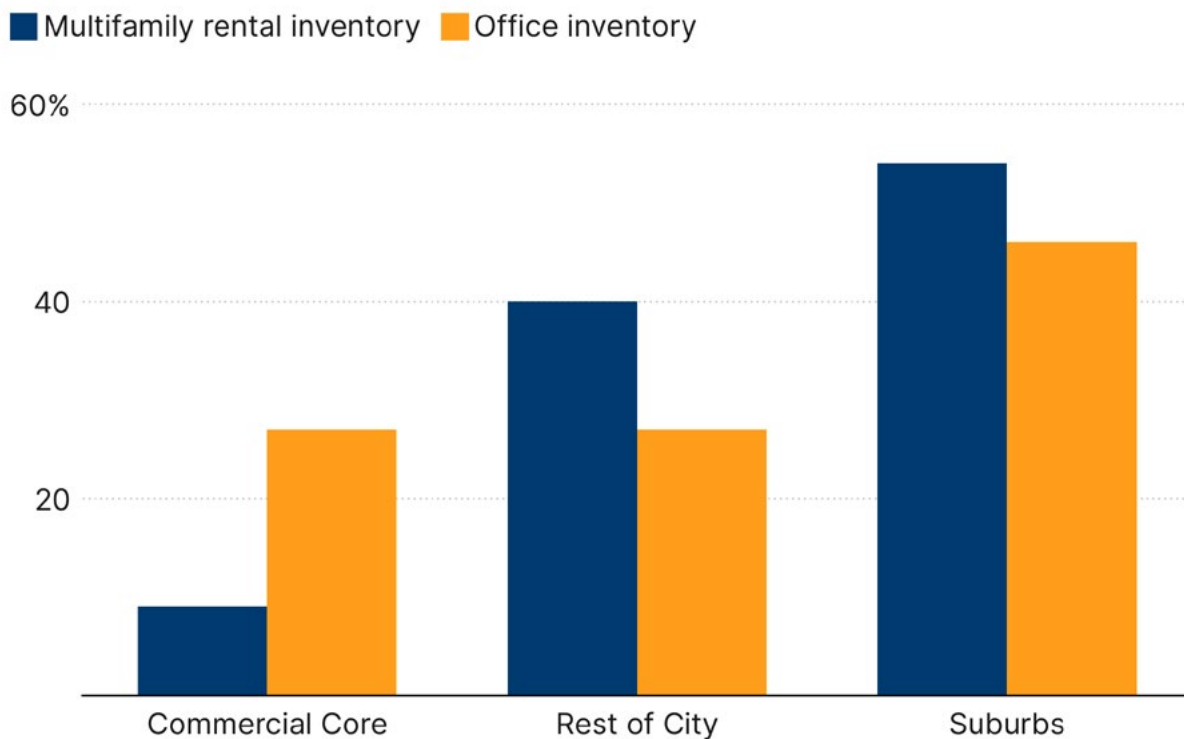
Building more housing near jobs directly addresses the [top two costs](#) borne by U.S. households: housing and transportation. Nationwide, a shortage of somewhere between [1.7 and 7.3 million homes](#) is a core driver of the [housing affordability crisis](#). In the average major U.S. metropolitan area, a slim majority of rental housing is located in the suburbs, while a majority of office inventory is in cities (see Figure 8). This geographic distribution of built environment inventory is a window into the jobs-housing spatial mismatch that has been [getting worse](#) in recent decades and [lengthening commute times](#). Long commutes are a costly drain on productivity for employers and human well-being for workers. Expanding housing supply near jobs can slow housing cost growth and shorten commutes. And these positive effects for workers are also good for cities: they can strengthen demand for offices in downtown areas by making it easy to build housing both in and around downtowns.



Philadelphia, Rittenhouse Square
| Photo credit: sarierossen / Shutterstock

FIGURE 8

On average across the top 40 U.S. metro areas by population, there is a mismatch between jobs and rental housing locations



SOURCE: CoStar

Childcare as workforce development

Prior to the pandemic, childcare costs were [growing even faster](#) than housing costs. While the large majority of [operational costs in the childcare sector](#) are salaries, topping out at 63% for infant care, that still leaves 37% or more of costs as opportunities to help the sector either pay workers better wages, charge parents less, or a combination of both. And now, childcare [supply has gone down](#) even as costs have continued to surge. Despite these financial realities, women with young children are actually [leading](#) the labor market recovery, and [evidence suggests](#) that the widespread availability of telework is a key reason why. However, this leaves out women with lower levels of education who are

less likely to have telework-ready jobs and also limits the ability of working mothers to access the [benefits](#) of in-person work. The [childcare crisis](#) is ongoing and must be addressed.

Reentry as workforce development

The lack of training, workforce, and other reentry supports for people returning from prison represents a significant barrier to economic justice and recovery—as [more than half of formerly incarcerated people do not secure “stable employment”](#) within a year of being released. A strong [body of evidence](#) demonstrates that skill development, housing, mentorship, and other social services can significantly improve employment

outcomes for returning citizens, while also [improving public safety and reducing homelessness](#) (see Table 4). Given the promising track record of place governance entities like [BIDs in partnering as workforce development partners](#) for returning

citizens, there is strong potential for downtowns to advance greater workforce participation and support for people returning from prison—if they have the resources they need to do so.

TABLE 4

Examples of how to incentivize workforce participation for downtown recovery

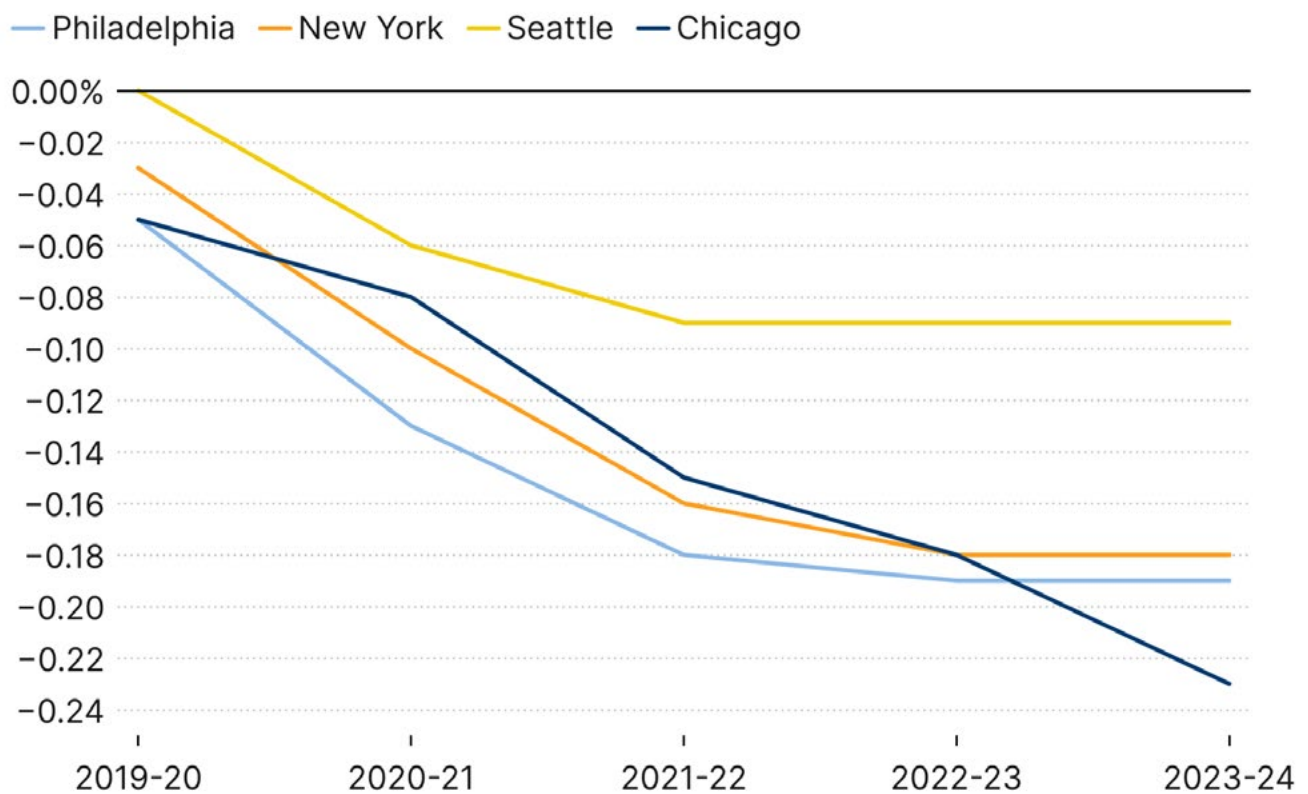
What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> • Make it easier to build housing near all activity centers including downtowns 	<ul style="list-style-type: none"> • Local governments 	<ul style="list-style-type: none"> • No cost to local governments (a multi-decade evidence base supports the conclusion that exclusionary “fiscal zoning” is based on incorrect assumptions) • Housing reforms produce both positive fiscal and aggregate economic impacts
<ul style="list-style-type: none"> • Align public funding and make available public land for new mixed-income housing on vacant and underutilized lots and buildings in downtowns and surrounding neighborhoods 	<ul style="list-style-type: none"> • State and federal governments as owners of office assets that are often concentrated in downtowns • State housing finance agencies • Congress and the Department of Housing and Urban Development (HUD) 	<ul style="list-style-type: none"> • The federal government could increase available tax credits for programs like the Low-Income Housing Tax Credit (LIHTC) and other complementary programs such as private activity bonds • State housing finance agencies can align their LIHTC allocation plans to prioritize infill and adaptive reuse
<ul style="list-style-type: none"> • Improve access to affordable, high-quality childcare 	<ul style="list-style-type: none"> • Every level of government • Major employers • Community and economic development practitioners • Local workforce development practitioners 	<ul style="list-style-type: none"> • The examples below highlight ways that local and state governments have strengthened the childcare sector without significant new costs
<ul style="list-style-type: none"> • Reduce employment barriers for people returning from prison through workforce development programming, access to services, and other reforms like eliminating barriers to entering public housing 	<ul style="list-style-type: none"> • Every level of government • Place management entities • Employers 	<ul style="list-style-type: none"> • City general funds • Special assessments • Federal funds, including Medicare and Medicaid • Philanthropy

Cities and states are bringing creative ideas to every category of covering childcare operation costs, and multiple states have [taken steps](#) to improve access to health care coverage for childcare workers. In Colorado, [shared services networks have shown promise](#) in addressing administrative costs, the second-biggest cost factor after labor. Cities in Texas are adopting [new property tax credits](#) for daycares. Seattle and New York have [revised zoning](#), and California has streamlined licensing to reduce barriers to entry when starting or siting a new daycare.

Finally, making available publicly owned facilities for childcare centers is a common strategy, and the recent impacts of the pandemic have made available two obvious new possible sources of space: surplus government offices and public schools. The latter is a particularly logical option, as school buildings are already designed for use by children, and, as shown in Figure 9, urban elementary school enrollment suffered major declines during the pandemic that have partially stabilized but have not reversed.

FIGURE 9

Urban elementary schools have excess space from the pandemic era



SOURCE: Brookings' analysis of city-level education data

NOTE: Chicago enrollment is for grades K–8 due to data availability as reported by Chicago Public Schools

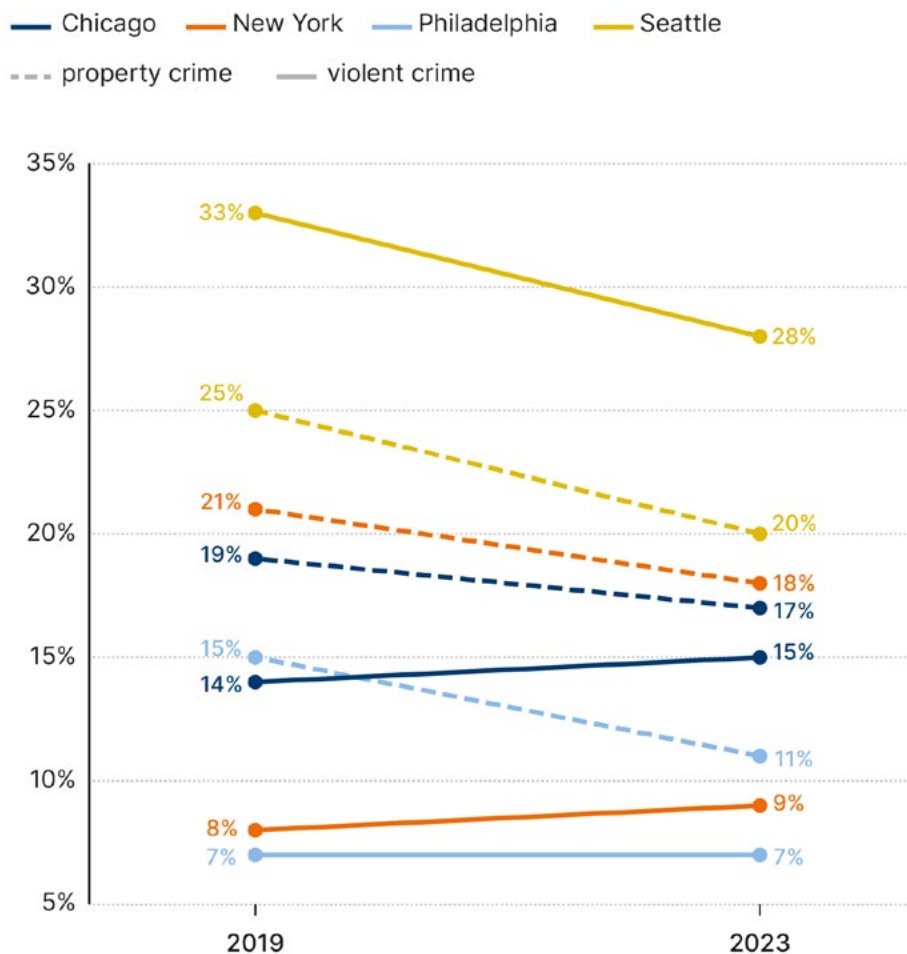
4. Address crime, and perceptions of crime, with data-driven and place-conscious safety policies that correspond with place-based crime patterns

Unfortunately, some policymakers have responded by crafting policy that responds to perceptions of crime, rather than the data of *where* and *how* crime actually occurs, with significant costs to municipal budgets and residents of color. New York City, for instance, spent over \$155 million in overtime pay for police officers to enhance subway patrols, which had a negligible effect on crime reduction and led to significant increases in arrests of people of color.

Rather than allowing perceptions alone to drive decisionmaking, local leaders can—and should—respond to rising fears of crime with evidence-based policies that match where, why, and how crime actually occurs within cities. Our analysis found that across cities, downtowns are some of the safest places for residents to live, work, and play. As Figure 10 shows, the share of citywide crime that occurs downtown has declined since the pandemic in some of the nation’s largest cities.

FIGURE 10

Downtown share of crime in four major U.S. cities



SOURCE: Brookings’ analysis of local crime data

Cities, of course, still have significant concerns about crime outside of downtown areas, as violent crime, in particular, **concentrates in lower-income neighborhoods** with histories of disinvestment and racial segregation. Understanding the spatial distribution of crime within cities is crucial because safety solutions are not universal—what works to reduce certain crimes downtown may not work in other areas suffering from generations of disinvestment and segregation. And while there are evidence-based solutions that can improve safety across entire cities (such as enhancing access to

economic opportunity, behavioral health care, and **third spaces**), public- and private-sector leaders must heed data and evidence when employing them to be effective in reducing crime and stewarding public dollars.

Below in Table 5 are several evidence-based recommendations to enable policymakers to better allocate crime prevention and reduction resources, while downtown leaders can effectively steward their resources to address *both the perceptions and realities of crime* in central business districts.

TABLE 5

Examples of how to advance evidence-based and place-conscious public safety policies for downtown recovery

What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> • Target and scale proven violence prevention and intervention programs in the highest-crime neighborhoods 	<ul style="list-style-type: none"> • Local governments 	<ul style="list-style-type: none"> • City general funds (No cost to local governments if structured as a more effective alignment of public safety resources) • Federal resources • Philanthropy
<ul style="list-style-type: none"> • Implement built environment improvements such as creative placemaking interventions, sidewalk improvements, vacant lot revitalization, and increasing greenery and street lighting to reduce crime 	<ul style="list-style-type: none"> • Local governments • BIDs • Main Street programs • Economic and community development nonprofits 	<ul style="list-style-type: none"> • City general funds • State resources • Federal resources, like ARPA and the Infrastructure Investment and Jobs Act • Special assessments • Bond financing • Philanthropy
<ul style="list-style-type: none"> • Leverage the capacity of place governance entities to promote safety, such as through corridor ambassador programs and clean and safe initiatives. 	<ul style="list-style-type: none"> • BIDs 	<ul style="list-style-type: none"> • Special assessments • City general funds

<ul style="list-style-type: none"> • Scale workforce and jobs programming, particularly for youth 	<ul style="list-style-type: none"> • Local governments • Public sector economic development agencies • Local and regional educational institutions • Major employers • Other intermediaries such as BIDs 	<ul style="list-style-type: none"> • City general funds • Major employers • Philanthropy • Higher education institutions, in partnership with workforce development boards that manage existing federal and state funding
<ul style="list-style-type: none"> • Strengthen citywide community safety infrastructure by establishing and/or strengthening the capacity of centralized offices of neighborhood safety 	<ul style="list-style-type: none"> • Local, state, and federal governments 	<ul style="list-style-type: none"> • City general funds • State funds • Federal resources • Philanthropy

- **Chicago’s community safety investments:**
 The city of Chicago stands out as an example of how local governments can make large-scale investments in multiple evidence-based and place-conscious public safety measures. Notably, Chicago made large-scale investments in its citywide community safety infrastructure, budgeting nearly [\\$19 million in ARPA funding](#) to its Community Safety Coordination Center, which seeks to break down siloes and bring together community partners committed to health care, social services, education, restorative justice, faith, business, and other causes with government partners to effectively scale [community violence intervention \(CVI\)](#) projects. Chicago also [allocated](#) nearly \$10 million in ARPA dollars to improve infrastructure and create safe community spaces in the areas of the city most impacted by violence. These investments, in addition to other holistic strategies like its [Corridor Ambassador Program](#) and [Large Lots Program](#) have helped the city take a more holistic, cost-effective, and humane approach to community safety.

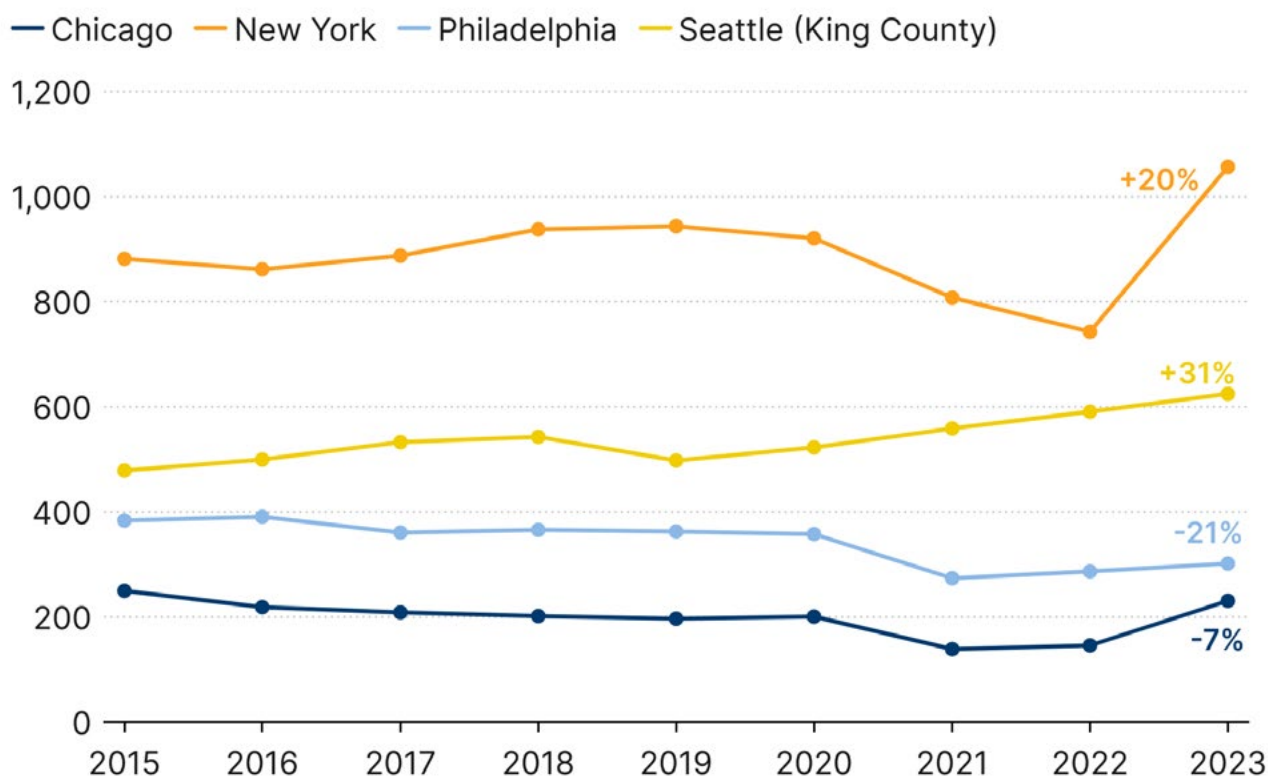
5. Advance proven and humane approaches to addressing homelessness

Of the four cities in the downtown cohort, progress on homelessness varied. We found that, while longer-term trends remained relatively consistent in three cities, between 2022 and 2023, New York in particular [witnessed](#) a 42% increase in total homelessness. While Chicago’s total homeless population also increased by 58% between 2022 and 2023, the city has seen progress over the long term, with the lowest baseline rate of homelessness across the cohort. Total homelessness rates have fallen by 7% since 2015, and unsheltered homelessness [has fallen by 51%](#) and continued falling even between 2022 and 2023.

FIGURE 11

Homelessness trends are both long- and short-term

Total homelessness per 100k population



SOURCE: Department of Housing and Urban Development Point-in-Time estimates by Continuum of Care and American Community Survey 1-year population estimates

NOTE: HUD last revised the PIT Count Methodology Guide in 2014, so this figure includes all data collected since then. The Seattle/King County CoC did not conduct a PIT count in 2021, and did not count unsheltered homelessness in 2023. The 2021 figure presented here is an imputed average from 2020 and 2022, and the 2023 number reflects only sheltered homelessness. PIT Counts are limited in that they do not capture other forms of prevalent housing insecurity—such as temporary living situations with friends, residing in short-term institutional settings (like jails and hospitals), or those who may sleep in their car.

With sharp increases in cities like New York and the long-standing challenge of rising homelessness in metropolitan areas on the West Coast, many local leaders are under political pressure to pursue punitive approaches like [encampment sweeps](#) and increased [enforcement of quality-of-life offenses](#) to quell [concerns about homelessness](#). Unfortunately, many of these policies are [costly and ineffective](#), pose significant [risks to people](#) experiencing homelessness, and risk making homelessness harder to solve.

By taking a closer look at pockets of progress, particularly in cities that have achieved sustained reductions in homelessness, local leaders can better heed the evidence and implement upstream solutions that can meet cities and regions where they are. We present some of these solutions below in Table 6.

TABLE 6

Examples of how to effectively and humanely address homelessness for downtown recovery

What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> Align housing policy and homelessness policy to increase the supply of all types of housing; remove barriers to affordability and shelter construction (such as single-family-only zoning, parking minimums, and parcel shape regulations); and adopt evidence-based “housing first” models 	<ul style="list-style-type: none"> All levels of government 	<ul style="list-style-type: none"> City general funds State resources Federal resources Business and philanthropic entities
<ul style="list-style-type: none"> Enhance alternative crisis response models for mental and behavioral health emergencies 	<ul style="list-style-type: none"> Local, state, and federal governments 	<ul style="list-style-type: none"> City general funds, including from transfers of funds from police departments Federal resources Philanthropy
<ul style="list-style-type: none"> Leverage and scale place management ambassador and nonpunitive homeless outreach programs 	<ul style="list-style-type: none"> Place management organizations, in partnership with Continuum of Care (CoC) providers 	<ul style="list-style-type: none"> Special assessments Business and philanthropic resources
<ul style="list-style-type: none"> Take a regional approach to addressing homelessness 	<ul style="list-style-type: none"> Local and regional officials CoC providers 	<ul style="list-style-type: none"> City and county funding State funds Federal funds, including HUD CoC funds

• **Denver’s holistic approach to homelessness:** The [Metro Denver Homelessness Initiative](#) is a regional CoC effort serving the seven-county Denver metropolitan area. Denver provides an instructive case study for scaling its successful alternative crisis response program, the [Support Team Assisted Response \(STAR\) Program](#). Launched in 2020, STAR redirects nonviolent 911 emergency calls from police to a team of mental health specialists and paramedics. Inspired by the [evidence-based CAHOOTS model](#) in Eugene, Oregon, it focuses on providing appropriate care

and resources to individuals facing mental health crises, substance use issues, or homelessness. Funded through the city’s general fund and a grant from [the Caring for Denver Foundation](#), the STAR program aims to alleviate the burden on police resources, ensuring law enforcement can concentrate on more serious crimes. Its results so far show [significant promise](#), producing a 34% reduction in lower-level crimes in areas served by STAR, with four times lower costs than those incurred with police-only responses.

6. Strengthen transit systems to physically connect downtowns, neighborhoods, and regions

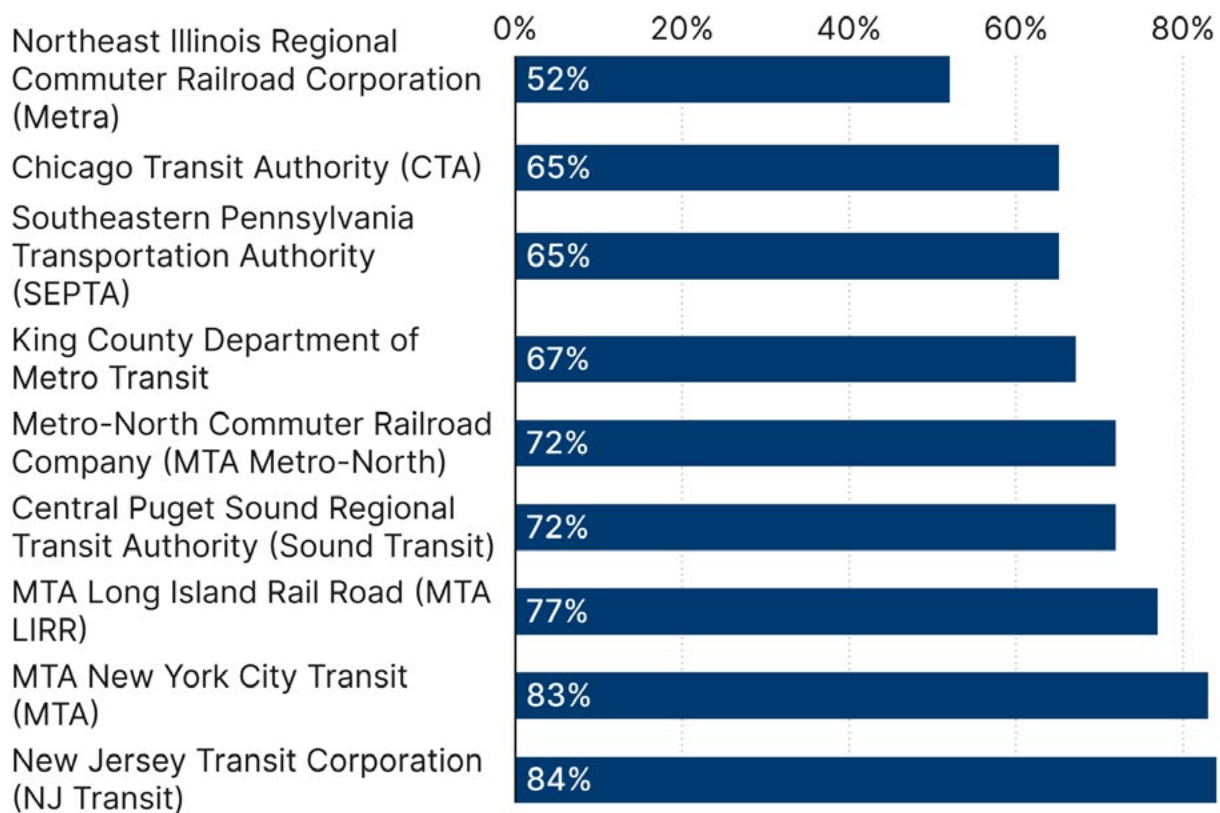
Most U.S. transit systems experienced serious disruptions to operations during the pandemic, including the deaths of essential workers, the challenge of adopting masking and distancing in closed settings more accustomed to crowding,

and loss of fare revenue due to changing travel patterns. Health concerns evolved in many cases to broader public safety concerns about transit that became widespread during the pandemic and that were in part based on a real [surge in transit crime in some places](#), including [assaults on transit workers](#). Ridership recovery has been slow and varies widely across major transit systems (see Figure 12).

FIGURE 12

Varying degrees of transit ridership recovery across four metropolitan regions

Dec 2023-Feb 2024 ridership as share of Dec 2018-Feb 2019 ridership



SOURCE: Department of Housing and Urban Development Point-in-Time estimates by Continuum of Care and American Community Survey 1-year population estimates

Prior to the pandemic, the six U.S. transit systems with the highest regional mode share [also carried](#) very high shares of commuting trips (49–61%), even though both before and after the pandemic less than [one-fifth of all American trip-making](#) is related to work.⁵ This mismatch between actual travel demand and what transit systems do is an existential threat. Yet there are key constituencies that cannot afford for transit to fail: the downtowns that thrive on proximity that high-volume roads and parking dilute; populations who do not drive, such as children, seniors, and people with disabilities; and those without access to cars, including the predominantly lower-income essential workers of color who have continued to use transit throughout the pandemic and during the subsequent recovery period.

The only way to end the seemingly never-ending headlines of another transit fiscal cliff that haunt most U.S. metropolitan areas is to [establish diverse, dedicated, long-term funding mechanisms](#) from both traditional sources and innovative new ones tied to the economic value that transit systems help

create such as congestion pricing, dynamic parking pricing, parking taxes, and so on. In the U.S. regions that have already done so, transit operations are stable and growing.

As shown in Table 7, Sound Transit had a balanced budget in fiscal year 2023 and fiscal year 2024 without the use of any cyclical or extraordinary federal relief. Instead, 63% of the system’s [combined capital and operating budget](#) is funded through [dedicated regional taxes](#) on car sales, property, rental cars, and general sales. Fares comprise only approximately 4% of this budget. Dedicated funding in excess of operations allows Sound Transit to plan operations and capital expenditures on a multiyear basis with low-interest debt, while maintaining an unrestricted cash reserve and earning investment income. Despite accessing this reserve in [fiscal year 2023](#) and [fiscal year 2024](#) in order to fund operations at the planned level (as shown in Table 7), the agency’s unrestricted cash balance actually grew by 112% between these two fiscal years.⁶

TABLE 7

Trends in the fiscal stability of transit agencies, 2023–2024

Millions of dollars

Agency	FY 2023 deficit	FY 2024 deficit
Chicago Transit Authority	\$315	\$473
Metropolitan Transit Authority	\$5,800	\$600 → \$0
Southeast Pennsylvania Transit Authority	\$415	\$289
Sound Transit	\$412 → \$0	\$118.9 → \$0

SOURCE: Brookings’ analysis of transit agency public budget reports

New York came within a heartbeat of securing similar [multi-year financial sustainability](#) for the Metropolitan Transportation Authority (MTA) before Governor Kathy Hochul's [recent announcement](#) that implementation of congestion pricing would be indefinitely delayed. In addition to increasing dedicated operating funding sources such as payroll taxes and tolls, congestion pricing would have created a new dedicated capital funding source through an explicit embodiment of a new regional commitment to shared prosperity between

downtowns and neighborhoods, with revenue from pricing of demand for downtown supporting transit accessibility for both city and suburban neighborhoods. However, congestion pricing is not the only way regions are raising new revenue for transit (see Table 8). Recently, Illinois created a new dedicated capital funding tool, the [Transit Facility Improvement Area](#), a modified form of tax increment financing, which is now being deployed to finance construction of the [Chicago Transit Authority's Red Line extension](#).

TABLE 8

Examples of how to strengthen transit systems for downtown recovery

What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> Address public safety, security, and homelessness on transit systems through cost-effective and evidence-based interventions 	<ul style="list-style-type: none"> Transit authorities in partnership with service providers on the CoC 	<ul style="list-style-type: none"> Capital improvements to fortify faregates in closed systems will improve fare policy compliance and thus provide a return on investment Transit agencies that use non-sworn personnel (such as transit ambassadors) instead of relying solely on police officers report labor cost savings
<ul style="list-style-type: none"> Engage the community in stewardship of the transit system beyond reporting of issues through celebrations, community service events like cleanups, and Art in Transit 	<ul style="list-style-type: none"> Transit authorities 	<ul style="list-style-type: none"> Incorporate these efforts into existing government relations, media, and community outreach activities
<ul style="list-style-type: none"> Adapt service headways and fare policies to the world of hybrid work 	<ul style="list-style-type: none"> Transit authorities 	<ul style="list-style-type: none"> Redistributing peak service throughout the day reduces the vehicle fleet size needed and the need for split shifts for operators, which can require extra pay
<ul style="list-style-type: none"> Capture the value of activity centers to fund transit through multi-year, regional, dedicated funding for both capital and operations 	<ul style="list-style-type: none"> Local and state governments 	<ul style="list-style-type: none"> A 2023 Urban Institute report provides a comprehensive review of options, including flexing federal highway capital dollars to transit so that state and local dollars can be prioritized for transit operations

- **SEPTA's SCOPE Program:** In Philadelphia, the Southeastern Pennsylvania Transportation Authority (SEPTA) has been recognized by national [advocates](#) and [industry](#) as an innovative leader for its holistic response to the intertwined health and safety crises of security, substance abuse, and homelessness. SEPTA's "Safety, Cleaning, Ownership, Partnership and Engagement" ([SCOPE](#)) Program created an Outreach Services Department that includes crisis response and outreach teams trained in naloxone, de-escalation techniques, and other basic response tools, including the ability to coordinate across the CoC for homelessness services. The program also emphasizes building trust and confidence by improving customer experience on transit through cleaning, infrastructure improvements (like enhanced lighting), communications infrastructure, and an increased presence of nonsworn personnel who can provide simple customer service.
- **Regional bus rapid transit in Austin:** Cap Metro in the rapidly growing region of Austin has modernized transit operations to reorient beyond downtown commuting. The agency adjusted service headways to shift from weekday peaks to provide [reasonably frequent, all-day/seven-day-per-week service](#) on both downtown and circumferential routes that directly connect neighborhoods and suburbs. Transit agencies must also solve the paradox of making it effortless to choose transit by making fare payment as easy as tapping on a ride-hailing app, while keeping transit affordable for transit-dependent populations.
- **Modernizing fares in New York City:** In New York, the MTA's [OMNY open payments system](#), combined with fare capping, is designed to achieve this. Riders can pay with a single tap of a mobile phone wallet, credit or debit card, or MTA farecard, and every rider is essentially enrolled on a payment plan for a seven-day unlimited pass. Each ride is \$2.90, and after 12 rides, the rest of the rides for the week are free.

7. Expand the cultural and entertainment options in downtown areas to reflect the hustle and culture of their whole city.

Office work is declining in dominance, and U.S. society is more diverse than ever. For downtowns to remain relevant, more kinds of people need to see something for themselves there besides offices. While many downtown organizations already have extensive track records of designing programming downtown, even very successful organizations have opportunities to deepen and strengthen their practice in ways that can connect them to broader local, regional, national, and international partnerships. Many downtown organizations can expand how they define success—not just in terms of aggregate economic impact, but in terms of individuals reached and engaged with.

For placemaking to be both inclusive and effective, it must achieve a balance between meeting the needs of incumbent individuals, groups, and histories, as well as attracting an expansive universe of visitors who have diverse and different attractions and attachments to a place.

In the average U.S. major city, a majority of workers come from outside the jurisdiction. Downtown place management organizations are typically governed by the property owners who are the landlords of these regional elites. This creates an understandable and natural disconnect between the direction and incentives that the downtown place management organizations are most accountable to and the city as a whole. Cities must therefore proactively create the organizational and governance capacity to connect downtowns and neighborhoods either within existing downtown organizations or through complementary efforts.

Several cities have started programs to bridge the gap (or gulf) between the commercial real estate owners and managers that control downtown retail locations and the local entrepreneurs who are immediately available to activate spaces and provide retail amenities (see Table 9). Examples

include [Seattle ReStored](#), Baltimore's [Downtown BOOST](#) program, Boston's [Level Up Downtown](#), and the [Cultural Showcase Pop-Ups](#) program in Chicago. In all these examples, retail concepts that reflect the diversity of their home cities obtained downtown storefront spaces through alternative lease terms because either an intermediary de-risked the program through a master lease

agreement or a catalytic landlord seeking broad public buy-in for a downtown revitalization program directly engaged with a grantmaking partner. In addition, Chicago's [Small Business Improvement Fund \(SBIF\)](#) is a program that has long-supported neighborhood small businesses and has now [expanded to downtown](#).⁷

TABLE 9

Examples of how to expand placemaking for downtown recovery

What to do?	Who does it?	How to pay for it?
<ul style="list-style-type: none"> Incentivize the expansion of neighborhood-based and minority- and women-owned businesses in downtown storefronts, through measures such as grant programs, de-risking pop-ups (through lease guarantees, for instance), and applying performance management to public markets 	<ul style="list-style-type: none"> Local government Place management organizations 	<ul style="list-style-type: none"> Seattle ReStored began with ARPA funding and continues with support from JP Morgan Chase Baltimore's Downtown BOOST program is supported by private sponsorship and technical assistance from public partners Chicago's SBIF is funded through tax increment financing revenues
<ul style="list-style-type: none"> Leverage the capacity of downtown place management authorities and other economic development agencies to co-create programming and activation with communities across the city 	<ul style="list-style-type: none"> Place management organizations 	<ul style="list-style-type: none"> Philanthropy Earned revenue from profitable events
<ul style="list-style-type: none"> Strategically promote car storage space at the curb into higher economic use while supporting entry-level entrepreneurs and small businesses through streeteries and vending 	<ul style="list-style-type: none"> Local governments 	<ul style="list-style-type: none"> Permit streeteries in places where sales tax revenues are likely to exceed parking revenues
<ul style="list-style-type: none"> Review zoning and permitting policies to ensure that there aren't unreasonable barriers to experiential retail and to making small-footprint retail spaces available 	<ul style="list-style-type: none"> Local governments 	<ul style="list-style-type: none"> No cost

- **Seattle's waterfront revitalization:** In Seattle, the city's Office of the Waterfront and Civic Projects' transformation of the central waterfront has demonstrated how intentional design focused on people and community can enhance downtown public spaces and create opportunities for inclusive programming with a new Waterfront Park. This is living proof that inclusive placemaking efforts can succeed. The removal of the elevated highway known as the Alaskan Way Viaduct will ultimately create more than 20 acres of [new public space](#) connecting Seattle to its Salish Sea waterfront. In the fall of 2020, before coronavirus vaccines were available, the first phase of the Waterfront Park opened, an area known as Pier 62. City leaders did not simply hope that if they built it, diverse and local visitors would come. Neither are they forced to rely solely on earned revenue from private events whose hosts can afford to pay, thanks to significant municipal and philanthropic support, the latter provided by [Friends of Waterfront Park](#), a nonprofit partner with the city of Seattle that is responsible for fundraising, stewarding, and programming at Waterfront Park. Instead, through partnerships between the city, Friends of Waterfront Park, and community organizations, this nonprofit is able to adopt a proactive strategy with the following components that deliver a non-tokenizing, expansively diverse constituency of park users and activators: 1) forming well-supported [community partnership committees](#); 2) hiring a diverse team of community outreach specialists who embody the diversity of the city; 3) proactively advertising in hyperlocal newsletters and media to solicit community interest in co-creating park programming; and 4) raising and sharing the resources necessary to support the execution of ideas and requests for events of all sizes from communities all over Seattle. Beyond a focus on successful programming, Seattle has also been intentional about ensuring that the park will be well taken care of in the future. The city's Seattle Center at Waterfront Park team manages operations, maintenance, and public safety in the new park, which provides

a clean, well-maintained, and safe experience for its users. Thus, in just two years Pier 62 has successfully hosted everyone from the [Salmon Homecoming](#) and [public radio station KEXP's "Beats and Eats"](#) to revenue-generating, ticketed events such as [Taste Washington](#).

This is not to say that the secret to inclusive downtown revitalization is materializing billions of dollars to tear down a highway, build a new waterfront, and then further leverage extraordinary philanthropic investment to offer the public space fruits to all. Without any new dollars, every downtown already has enormous amounts of public space that can be managed with similar proactive intent to create shared prosperity: streets. During the pandemic, many cities experimented with new ways to allocate road right-of-way in order to provide safe spaces to gather and strengthen local businesses. For example, the city of Chicago and the Chicago Loop Alliance closed all of State Street to vehicular traffic and programmed a vast downtown block party, [Sundays on State](#), welcoming [over 1 million visitors](#) to support diverse activation participants (91% of whom were underrepresented business owners). Promoting cleaner air and calming traffic remain important public health priorities that return real social and economic value to cities as well. The challenge for cities now is to institutionalize such efforts and both formalize and normalize them as a permanent part of the cityscape and city life without burying them in red tape and high capital and operating costs.



Seattle, Fall 2022



Conclusion

American downtowns have weathered their share of economic disruptions before and emerged resilient. Downtowns will recover from these disruptions as well—their unique locational advantages and economic power are central to the innovation, climate resilience, and connectivity needed for America to prosper.

The key for the future of downtowns is not just acting as regional and national engines of economic prosperity, however, but broadening the coalition of who benefits from this prosperity. The [deepening of spatial and racial inequality](#) in the United States is unsustainable, and downtowns have the assets, connections, and power to reaffirm cities' historical role as inclusive hubs for diverse residents across income levels, age, race, and gender.

To broaden who benefits from downtowns, the current coalition of downtown stakeholders can't achieve this alone. In addition to the strengths and expertise of BIDs, real estate developers, and major employers, a broad swath of residents, placemakers, service providers, and multidisciplinary experts have the often-undervalued knowledge and experience needed to advance shared recovery. What too often has been missing is a shared language to align a shared set of goals. Our hope is that this report provides the framework and tools for such a broad coalition to succeed.

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ENDNOTES

- 1** San Jose, Las Vegas, and Honolulu have unique industrial compositions that result in very high productivity per worker in San Jose and very low productivity per worker in Las Vegas and Honolulu. This composition effect could be captured in a multivariate model, but for the purposes of presenting a simple bivariate model that accurately illustrates the relationship in question for most U.S. metro areas, we excluded these regions.
- 2** See table appendix in previously published work. These downtowns are defined as the commercial cores of every census metropolitan statistical area in the United States with a regional population of at least 1 million people. Further detail on the methods used to define downtowns, as well as illustrative maps and geospatial data files, is available in previously published work.
- 3** Brookings’ analysis of the 2019 LEHD Survey.
- 4** It is important to note that there are also second-order and nearer-term impacts on own-source revenue beyond commercial property tax receipts. Lost sales taxes from commuters—and in the case of Philadelphia, lost wage taxes—can also cause large negative fiscal impacts.
- 5** See Table 4-4 on page 28 of the linked report.
- 6** This estimate was created by comparing cash reserve balances reported on page 16 of the fiscal year 2023 budget book and page 19 of the fiscal year 2024 budget book.
- 7** The International Downtown Association has curated extensive case studies and analyses of “retail equity” programs that are available for its members. Public markets are an even more direct way to accomplish the same goal. The same is true of street vending (including food trucks)—while once an economic option of last resort, today most vendors are entrepreneurs exiting other employment and moving into their first ownership opportunity.



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