

#### ANNE T. AND ROBERT M. BASS CENTER FOR TRANSFORMATIVE PLACEMAKING



### No more status quo:

A community-led action plan for addressing structural inequity during COVID-19 recovery



# BROOKINGS

Hanna Love Tunua Thrash-Ntuk Jennifer S. Vey



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### Introduction

ver the past several months, headline after headline has invoked the ways in which the COVID-19 pandemic "lays bare" our society's deep inequities.<sup>1</sup> Whether it be devastating public health disparities, wide unemployment rate gaps by race, or police violence in the midst of a pandemic already disproportionately impacting Black communities, one overlapping crisis after the other has made this country's uneven geography of structural harm increasingly apparent. Such conditions have long existed, but it seems that the convergence of multiple, interlocking crises at once hasfinally-made them difficult for many to ignore.

In this moment when each new crisis is deemed unprecedented, it is important to understand how intentional policies and practices laid the groundwork for those crises' devastating effects. Discriminatory housing policies and environmental racism created the conditions for Black neighborhoods' heightened risk to the coronavirus.<sup>2</sup> Inequitable public school systems, the systematic devaluation of

#### A note on language

Throughout this paper, we avoid terms such as "distressed," "poor," or "struggling" to refer to places facing historic and contemporary structural inequities, including South Los Angeles. Such terms obscure the root causes behind conditions of distress, which do not occur by chance or by the actions of residents, but as the result of intentional public policies and private actions sustained over decades, compounded by market forces that exacerbate and build upon long-standing structural inequities. For a further explanation of the justification behind this language, please see the Bass Center's commitment to <u>shifting</u> <u>our language about place</u>.

property assets and small businesses in Black neighborhoods, and long-standing economic exclusion are making its economic effects that much more damaging.<sup>3</sup> Law enforcement agencies created to enforce structural racism are furthering a policing system proven to kill more people in neighborhoods of color and those with higher poverty rates, even in the midst of a pandemic.<sup>4</sup> These historical and contemporary inequities can be tied back to place and, more specifically, to the spatialized distribution of structural racism that enables <u>a ZIP code</u> to shape a person's life outcomes.<sup>5</sup>

This paper argues that to mitigate COVID-19's economic harms and begin to eradicate the persistent inequities that have long impacted places, relief efforts must account for intersecting harms created by discriminatory policies that have segregated communities and systematically denied them the public and private investment needed to thrive. To this end, community, city, and regional leaders must work together across multiple levels of governance and policy domains-bridging community, economic, and workforce development efforts, among others—to not only address the symptoms of discrimination, but to holistically tackle its root causes and expand community wealth and opportunity in the long term. This requires taking shared ownership and accountability for a community-led strategy that is actionable, equitable, and answers directly to impacted communities.

Using an integrated, locally led economic recovery effort from South Los Angeles as a case study, the paper offers five steps for advancing such an approach:

- 1. Target the historical and current structural injustices attached to place
- Value, invest in, and build upon places' unique assets, strengths, and local capacity
- Work across multiple levels of governance to connect people with local, citywide, and regional opportunities needed to thrive
- 4. Tackle the interconnectedness of places' challenges with holistic solutions
- 5. Advance a theory of change for creating vibrant, connected, and inclusive communities over the long term

There is an undoubted urgency to this task. As communities of color bear the brunt of public health, economic, and sociopolitical harm, we are witnessing a new inflection point for long-standing race- and placebased injustices. Many are demanding to know: Is this the time we'll actually do something about it?<sup>6</sup> Failing to address this question will threaten the vitality of not only the places impacted by harm, but the cities and regions in which they are located—and, ultimately, our nation as a whole.<sup>7</sup> Without recovery in places facing structural harm, there can be no real recovery at all.

"In this moment when each new crisis is deemed unprecedented, it is important to understand how intentional policies and practices laid the groundwork for those crises' devastating effects"

#### **Project background**

Beginning in fall 2019, South Los Angelesbased community leaders, economic development stakeholders, communitybased organizations, and public officials came together to co-create an agenda for advancing inclusive economic mobility in South Los Angeles, a region significantly impacted by persistent barriers to economic inclusion. The effort, supported by LISC's Economic Development Initiative and facilitated by LISC Los Angeles with help from LA-based Estolano Advisors, was based on the belief that cities can reduce inequality by coordinating community, economic, and workforce development efforts in a small set of neighborhoods facing historic disinvestment. It is part of a larger pilot project to test and replicate a collaborative, integrated model for economic inclusion in such neighborhoods. In Los Angeles, the effort has focused on three geographic areas of South LA: the Crenshaw Corridor, the University of Southern California/Exposition Park area, and the Goodyear Tract.

South Los Angeles' effort was well underway in March 2020, when COVID-19 and stayat-home orders interrupted life in Los Angeles and across the country. South Los Angeles became an epicenter for the virus in the city, fueled by the area's high poverty rates, densely crowded housing, and high proportion of essential, lowwage workers. Rather than abandon the economic inclusion agenda in the rapidly shifting economic landscape, South LA stakeholders revisited their approach to see how it held through the current crisis. What they found largely supports the crux "The seemingly new challenges facing the country amid COVID-19 high unemployment rates, underresourced businesses, inadequate social safety net services, and racially targeted police violence—have been the status quo in South Los Angeles for decades."

of this paper's argument: The seemingly new challenges facing the country amid COVID-19—high unemployment rates, underresourced businesses, inadequate social safety net services, and racially targeted police violence—have been the status quo in South Los Angeles for decades. They pivoted <u>their recommendations</u> to reflect new market realities amid COVID-19, but the overarching mechanisms for building wealth and combatting structural inequity remained the same.

The Brookings Institution's Bass Center for Transformative Placemaking took part in the economic inclusion pilot process in South LA, documented concrete lessons learned over the yearlong period, and conducted gualitative, in-depth interviews with South LA-based community organizations, CDFIs, city officials, and regional economic development stakeholders to generate the local insights included in this paper. These lessons and ongoing fieldwork in several other communities will help inform an economic inclusion playbook-to be published by the Bass Center and LISC in 2021—that reaches across a range of different geographies and market contexts.

# Why place matters for true economic recovery

The intersecting ramifications of COVID-19 have unfolded on neighborhoods already experiencing concentrated economic hardship—showing, in the worst possible way, that place matters. But place has always affected people's access to health, economic opportunity, and upward mobility.<sup>8</sup>

The neighborhoods we live in strongly influence our life outcomes. Neighborhood poverty has long exposed residents to interconnected axes of structural harmincluding fewer public and private services, deteriorating housing conditions, devalued property assets, lower concentrations of good and accessible jobs, and poor physical connectivity to other places-that concentrate and converge to render it not only economically disadvantageous to live in high-poverty places, but physically harmful to health and well-being as well.9 At the most immediate level, living in a neighborhood with a high poverty rate and a high share of residents of color also places people at disproportionate risk for being killed by the police, which in turn causes community-wide trauma, mental

health challenges, and diminished school attendance for youth.  $^{\rm 10}$ 

Amid COVID-19, the geographic distribution of structural racism has become evermore apparent. The disparate public health ramifications of the pandemic—wherein Black and Latino or Hispanic people are contracting the virus and dying at rates that far exceed those of their white counterparts-is a direct result of neighborhood conditions resulting from residential segregation and environmental racism, combined with higher concentrations of people employed in low-wage, frontline jobs.<sup>11</sup> In fact, research indicates that higher rates of racial and income segregation are strongly correlated with places' vulnerability to the virus.<sup>12</sup>

Communities of color have also borne the brunt of COVID-19's economic impacts. These neighborhoods have high rates of pandemic-related job losses, made all the more devastating due to racial wealth gaps that render it difficult for approximately 58% of Black and Latino or Hispanic households cannot cover three months of expenses without income.<sup>13</sup> They are also more susceptible to housing insecurity due to high rates of renting,<sup>14</sup> in a market that has long denied Black people homeownership and devalued residential property in Black neighborhoods.<sup>15</sup> School closures are disproportionately impacting youth in neighborhoods of color and those with high poverty rates, areas where residents rely on schools for access to food, services, and child care. This is on top of the fact that school districts serving predominantly Black and Latino or Hispanic students already receive significantly less funding than majority-white districts—in some cases less than 90% of the region's average-due to financing structures based on property taxes.16

The effects of structural racism administered through place have severely impacted small businesses, too. Brookings fellow Andre Perry found that, prior to COVID-19, highly rated businesses in Black neighborhoods earned less revenue than businesses with similar ratings outside of Black neighborhoods, translating into a nationwide annual revenue loss as high as \$3.9 billion.<sup>17</sup> Research from 2018 revealed that areas with the densest Latino or Hispanic populations did not have commensurate rates of Latinoor Hispanic-owned businesses, largely due to wealth and income disparities, ethnic discrimination, and limited access to capital.<sup>18</sup>

The pandemic worsened these placebased disparities for Black and Latino or Hispanic business owners, who are highly concentrated in food services, retail, and accommodation-industries that government-mandated closures and virus-related demand declines hit hard.<sup>19</sup> Between February and April 2020, the number of Black- and Latino- or Hispanicowned businesses dropped by 40% and 32%, respectively, compared to a 22% decline of white owned-businesses. Economists project that more than half of Black-owned small businesses may not survive COVID-19.20 These closures have farreaching ramifications for their surrounding communities.<sup>21</sup>

In sum, place has always mattered, and it is no secret how it came to be that way.<sup>22</sup> Place-based disadvantage does not arise from natural causes, the normal ebb and flow of market realities, or resident choice and behavior. Rather, it is born from public policies that segregate communities and deny them of private and public investment needed to thrive: slavery, Jim Crow, discriminatory housing ordinances, federal highway programs, predatory lending, inequitable public education systems, overpolicing, and mass incarceration, to name just a few.<sup>23</sup> So when we consider "what we are going to do about" the inequitable effects of the COVID-19 crisis, we must take a closer look at how structural inequities have long determined the ability of people and businesses in certain places to thrive, and identify place-based and peoplecentered solutions that get at the root of these patterns.



### When 'crisis' is the status quo: The case of South Los Angeles

n many ways, South Los Angeles is a microcosm of the place-based injustices that have long gripped our nation. Los Angeles contains the third-highest number of persistently poor neighborhoods in the country, with economic exclusion remaining stubbornly high in places such as South LA.<sup>24</sup>

A constellation of intentional policy decisions—including redlining, systematic disinvestment, destructive highway construction, harsh policing, and mass incarceration—have kept South Los Angeles residents disproportionately restricted from economic and social mobility compared to the rest of the city.<sup>25</sup> As Sahra Sulaiman documents through local reporting, these legacies of segregation, disinvestment, and state violence <u>remain defining struggles</u> for many South Los Angeles residents, who must now fight for ownership over rapidly changing places and spaces within their community.

There is a long history here. In the mid-20th century, discriminatory housing and

mortgage lending restricted Black families to certain Los Angeles neighborhoods and concentrated most of the city's Black population in South Los Angeles. In the 1960s, the construction of Interstate 10 disrupted South Los Angeles, as did discriminatory policing from the Los Angeles Police Department-making the area a focal point for civil unrest during the civil rights movement.<sup>26</sup> A Black middle class emerged in the area in the 1970s, but job losses from manufacturing decline, discriminatory policing, and escalating housing costs eventually pushed Black residents out of the neighborhood and into less expensive parts of the region.27

In 1970, approximately 80% of South LA's population was Black.<sup>28</sup> Demographic transitions ensued in the 1980s and 1990s, as Latino or Hispanic families increasingly moved to South LA (partially driven by immigration from Mexico and Central America), and Black residents left the neighborhood amid long-standing community frustrations related to historic



#### Figure 1. South Los Angeles in context

#### Figure 2. Recovery plan zones

disinvestment, mass incarceration, and police bias. Between 1980 and 2018, South LA's Black population fell from 13,000 to 3,000, while its Latino or Hispanic population soared, reaching 46,000 in 2018—more than double the number in 1980.<sup>29</sup>

In light of this sweeping demographic transition, Black and Latino or Hispanic leaders are working together to balance tensions, conflicts, and points of shared experiences facing their communities. These leaders are addressing gentrification, employment, education, and basic needs, while acknowledging the sense of Black loss and fear of the erasure of Black Los Angeles.<sup>30</sup> These fears are heightened by new investments and corridor improvements targeting whiter, wealthier newcomers renewing the struggle to retain Black ownership and representation in community spaces.

Today's South LA residents face interconnected barriers such as low educational attainment, high unemployment rates, high poverty rates, high housing costs, limited access to broadband, and health vulnerabilities, all of which render it difficult to build wealth and achieve a reasonable quality of life. Using data collected before the onset of COVID-19 for the three target areas of South LA (Crenshaw, USC/Expo Park, and the Goodyear Tract), Mass Economics found that 91% of residents 25 years and older do not have a bachelor's degree, and almost half (47%) do not have a high school diploma. Average household income is \$47,000 (compared to \$87,000 citywide), and 33% of residents live in poverty. Furthermore, residents are disconnected from the information and resources needed to access opportunities, as a third of housing units do not have access to the internet, and 21% do not have

any kind of computing device. Additionally, in a city built around the automobile and where private transportation remains critical to accessing jobs and educational opportunities, 19% of housing units in the target areas lack vehicle access.

Health disparities are also significant. Mass Economics found that 89% of residents of the three target communities are medically underserved, compared to 28% in the larger county. Life expectancy is significantly lower, too (77.6 years versus 80.6 in the county). The area has higher concentrations of active air polluters (5.7 per square mile compared to 1.3 for the county) as well as higher levels of traffic-induced vehicle exhaust, which put residents at heightened health risks. Furthermore, an average of 36% of residents live in food deserts, or up to 72% of residents in some areas. As local organizers have pointed out, food insecurity in South LA follows the pattern of white flight out of the area: When white residents moved away, supermarkets followed. Meanwhile, many Black community members faced systemic obstacles in securing loans from banks to start their own businesses in order to fill the gap.31

As in other high-poverty and predominantly minority communities around the country, residents and small businesses in South LA have been particularly vulnerable to COVID-19's health and economic ramifications. In late May, researchers found that the area was an epicenter of the pandemic in Los Angeles (especially in the South-Central, Vermont Square, and Florence-Firestone neighborhoods) and that COVID-19 case rates could be associated with the area's poverty and household crowding.<sup>32</sup> As infections in Los Angeles County continue to rise in the months since, they remain disproportionally concentrated among Black and Latino or Hispanic residents in communities with high poverty rates.<sup>33</sup> With already high rates of unemployment, poverty, and cost-burdened households, the pandemic's economic impacts on South LA residents and businesses is likely to be devastating. But South LA may be better positioned to mitigate these devastating effects as a result of the community-led momentum and cross-sectoral collaborations formed prior to the pandemic to advance economic inclusion in the neighborhood, including LISC's effort and those before it.



#### Density (Pop/Acre) of Population in Poverty (Poverty Rate), 2017

Note: Stats for districts reflect Census block group level geographic approximations Source: ACS 2013-2017 5-year release



Five steps to advance communityled economic recovery in places confronting long-standing and emerging structural inequities

ast strategies for advancing economic recovery and revitalization in the wake of economic declines have made few dents in the systematic exclusion of people and places carried out over generations. In fact, recent analysis by the Economic Innovation Group found that the number of highpoverty neighborhoods in the nation's large metropolitan areas has doubled over the last three decades, increasing even during the long and uninterrupted period of national economic growth that occurred after the Great Recession.<sup>34</sup> There is a long arc of failure in this story: Two-thirds of neighborhoods that were high-poverty in 1980 are still high-poverty, with far more neighborhoods slipping into poverty over the last couple decades than out of it.<sup>35</sup> Clearly, something isn't working.

It's not necessarily for lack of trying. For decades, community development groups and other local organizations and practitioners have engaged in place-based efforts to revitalize neighborhoods impacted by structural inequities and to better the lives of their residents. However, these efforts are constrained by larger policies, practices, and investment structures, over which they often have little control. For example, city and regional transportation, economic development, and land use policies and investments aren't typically designed to explicitly remedy the effects of discrimination and disinvestment in these communities. And when they are targeted toward them, they are often more reactive than strategic, and triggered by government or philanthropic programs-Enterprise Zones, Promise Zones, and most recently, Opportunity Zones-or by private firms, anchor institutions, and other organizations looking for a development site. Further, community-led efforts are often themselves siloed, under-resourced, and focused more on mitigating the symptoms of disinvestment and entrenched poverty than on investing in local assets to grow businesses, strengthen the capacity of workers, and connect the community to the broader regional economic ecosystem.

It's long past time for a different approach. In this spirit, we offer five steps and corresponding guidance to help community, city, and regional leaders advance inclusive economic recovery in the wake of COVID-19, using concrete lessons and examples from the South LA experience. Together, these steps comprise **an integrated, placefocused, people-centered, and asset-based approach** designed to break down structural inequities that have left communities like South LA disconnected and disenfranchised for far too long.

# **1.** Target the historical and current structural injustices attached to place.

Universal recovery models-those that are agnostic to race and place-do not yield inclusive results. As our colleague recently argued, federal, state, and local assistance and recovery policies have often failed to account for structural barriers created by discriminatory policies, leading to uneven and partial recoveries in which people, places, and businesses that have long been excluded from prosperity do not benefit.<sup>36</sup> Lessons from the last recession can teach us quite a bit in this regard. Nationally, the Great Recession resulted in more than 8.7 million lost jobs, 8 million foreclosed homes, and 500 shuttered community banks, but its lasting impact remained strikingly uneven. Federal support for the crisis supplied banks with hundreds of billions of dollars for capital, but failed to reach families in the hardest-hit communities.<sup>37</sup> In fact, in the years since, as the number of high-poverty neighborhoods has continued to increase, Black homeownership rates have fallen to levels that predate the passage of the 1968 Fair Housing Act, thousands of Black-owned businesses have closed, and families of color have 30% less wealth than they did before the crash.<sup>38</sup> Nationwide, the geography

of poverty expanded and became more unequal, as hard-hit urban and rural communities were slower to recover (and some still haven't), while coastal, already rich areas rebounded.<sup>39</sup> The takeaway from these failures: Relief did not go to the places, people, and businesses that needed it the most, and economic inequality worsened.

More recent history shows that there is still much work to be done to avoid these mistakes. The Small Business Administration's Paycheck Protection Program (PPP), for example, yielded disparate benefits in providing economic relief from COVID-19. The program placed all businesses with fewer than 500 employees into one category, putting the most vulnerable microbusinesses in competition with larger, much more established companies. It relied too heavily on mainstream banks, which favored existing customers and neglected underbanked and unbanked minority-owned businesses. And it had no requirement for businesses to demonstrate need, meaning much of the funds went to previously thriving businesses.<sup>40</sup> By failing to target relief toward the hardest-hit businesses (and those with the fewest other options for help), the program replicated the larger inequities of the American economy.<sup>41</sup>

To ensure this crisis does not result in an even more unbalanced geography of recovery than the last, relief at the federal, state, regional, and local levels must deploy solutions in the most-impacted communities—which are also those that have long been battling structural inequities. Targeting efforts to the people and businesses within these places can not only improve their conditions but will ultimately ensure a stronger recovery within the broader city and region.

# Guidance from South Los Angeles: Initiating recovery to target place-based structural inequities

The specific levers to mobilize community, city, and regional leaders around place-based equitable recovery will vary across geographic and political contexts, but lessons from South Los Angeles indicate that as a first step, efforts should:

Build cross-sectoral consensus for recovery focused on geographic areas impacted by structural inequities. In Los Angeles, momentum for place-based economic development had been building over the past decade. For example, the city included South LA-tailored wealth-building strategies in its Citywide Economic Development Strategy. Just this year, numerous council members pushed for jobs and economic development incentive zones in the Goodyear Tract. Community leaders are mobilizing around Black culture and history in Destination Crenshaw (a "we-built-this-placemaking" project to reflect the larger place of the Black community in Los Angeles), while coalitions such as the South Los Angeles Transit Empowerment Zone (SLATE-Z) are advancing multisector approaches to connect South LA residents to economic opportunity. The challenge amid COVID-19, then, was to channel this momentum into coordinated action for placebased recovery focused on South Los Angeles. But the foundation for such momentum does not exist in all regions, nor does it exist for all places experiencing economic exclusion within regions. The reality that these communities are vital to a region's broader economic growth and prosperity is not, unfortunately, widely understood or embraced by all decisionmakers.

**Prioritize recovery efforts in select geographic areas with documented structural inequities and undervalued strengths**. In Los Angeles, there was little doubt that economic and public health ramifications would hit South LA hard. Fear abounded about the area's <u>budding resurgence</u>—in which new Black entrepreneurs were opening coffee shops, cafes, and coworking spaces—being lost in a matter of weeks. Community, city, and regional stakeholders agreed that the area had been "over-planned" and was now in need of action. "There is not much disagreement about the challenges that the community faces—we've all studied it and lived it for decades," one stakeholder told us. "The challenge is to look at the community, look at the geography differently. To deploy solutions in different ways." In a time of economic devastation, leaders must identify geographic areas with known structural inequities, where the need for solutions is documented and the imperative for action is urgent.

Ensure trusted organizations with deep ties to the community lead recovery efforts. In the case of South Los Angeles, LISC LA leadership had deep ties to the community, established trust with communitybased leaders, and working relationships with leaders at multiple levels of governance-all of which were essential factors in facilitating multisectoral buy-in for a coordinated recovery action plan. Moreover, LISC LA was already partnered with other efforts in South LA, including SLATE-Z and Destination Crenshaw, which enabled them to support and compliment those efforts rather than duplicate them. "You have to have someone who's organizing this who has a common language and a common understanding of where the community is coming from," one LA public sector stakeholder said. "That saves a lot of time right there." For equitable place-based recovery efforts to be successful in any context, leaders must select an area where trust is already established—or where they have the time and resources to build trust-and must work in partnership with other efforts to promote equity within the community.

# 2. Value, invest in, and build upon places' assets, strengths, and local capacity.

Only focusing on place is not enough, as place-based policies have a mixed track record on whether and how much residents benefit.<sup>42</sup> Because such policies typically rely on the private sector (through tax breaks and incentives) to catalyze development in communities facing disinvestment, they garner legitimate concern about resident displacement and exclusion from economic opportunity, and often lead to transactional and uncoordinated development projects that fail to accomplish inclusive outcomes.43 In the recovery context, simply infusing capital into communities does not address systemic inequities that discriminatory policies and harmful public and private entity actions created over decades-and in fact, it can exacerbate them. Relief efforts after Hurricane Katrina provide one such example, in which new investment corresponded with the closure of public schools, demolition of affordable housing units, and displacement of many Black New Orleanians.44

Rather than viewing all outside investment as good, place-based efforts must critically examine whether new investments can build upon neighborhood assets to benefit existing residents, and be coupled with access to training, education, and other holistic community supports needed to thrive.<sup>45</sup> As Brookings's Andre Perry and others have rigorously demonstrated, neighborhoods with higher concentrations of people of color are home to valuable economic, social, and political strengths. But these neighborhoods are typically overlooked for investment due to their perceived inability to generate revenue—an assumption that obscures the strengths these communities have developed over decades in the face of systematic inequity.<sup>46</sup> A sole focus on challenges lumps remarkably unique places into a singular category of "distressed," missing an opportunity to tailor locally empowering strategies based on their distinct advantages.<sup>47</sup>

Inclusive, community-led recovery efforts must shift away from this deficit-based approach to one aimed at strengthening places' assets for resident benefit.<sup>48</sup> To do so, local leaders can start with exercises such as economic mapping<sup>49</sup> to locate physical assets and concentrations of economic activity within places. But they must also meaningfully engage residents and community leaders in identifying longignored intangible assets—such as residents, history, and social and civic organizationsand co-design the best mechanisms to build upon them for community benefit. We can look to the community development field for lessons; asset-based community development stretches back to the early 1990s, yet such approaches must be combined with economic development efforts that understand market realities and how conditions within neighborhoods connect to larger regional economies.<sup>50</sup>

#### Guidance from South Los Angeles: Building strategies to strengthen places' assets.

No two places are alike, so place-based recovery efforts must advance tailored, locally specific strategies to strengthen places' unique, undervalued assets. Lessons from South LA indicate that the following are promising strategies to get there:

Identify target corridors, blocks, or subzones with concentrations of economic and physical assets: To

form the foundation of a strengths-based strategy, LISC LA and their South LA-based partners embarked on a data-driven process to uncover the area's assets, rather than diagnose its challenges. "When you look at all of the economic indicators, the lack of educational attainment, the health disparities, income disparities, all of that, there is a tendency to basically say: This is too challenging," one economic development stakeholder said on the importance of this approach. "There has to be a different kind of valuation of what is investible." To change stakeholders' valuation of what is "investible," LISC LA narrowed South LA's recovery strategy to focus on three subzones, identified by their assets. Zone 1 includes the Crenshaw Corridor sometimes referred to as the "main street of Black Los Angeles" and home to projects such as Destination Crenshaw (a cultural district to include 100 permanent art installations extolling the history and culture of Black Angelenos) and a new transit project that will connect to the airport. Zone 2 includes anchors such as the University of Southern California and Exposition Park, which can be a source for jobs and training opportunities for residents. Zone 3 encompasses the Goodyear Tract, an industrial district with a diverse collection of jobs. Many small businesses within these areas-particularly newer, minority-owned businesses in the Crenshaw Corridor—are at heightened risk for closure amid the COVID-19 pandemic.

#### Figure 3. South LA zone identification

- Economic Development Organizations
- Chambers of Commerce
- Hospital and Medical Centers
- Colleges and Universities
- Adult Education Facilities
- Job Training Facilities
- Community Organizations
- Metro Rail Stations
- Metro Rail Lines
- Highways
- □ Study Area
- Major Roads
- City of Los Angeles



"You have to have a deep knowledge of the fine gray nature of these communities. And you can't really do that just by looking at data."

Working with the national consulting firm Mass Economics, LISC LA cross-checked zones' data with data on emerging regional industry clusters already supported by citywide economic development stakeholders. This is to ensure recovery efforts target and prioritize industry clusters with the potential to create good-quality jobs for residents over the long term. Not all places will have resources to support a consultant for data analysis, but they can learn from regionally led efforts such as Oregon's Economic\_ Value Atlas or the Metropolitan Washington Council of Governments' Place + Opportunity report.

#### Engage community leaders to identify intangible,

overlooked assets. "You have to have a deep knowledge of the fine gray nature of these communities," said one Los Angeles-based economic development stakeholder. "And you can't really do that just by looking at data." To supplement the information gleaned from Mass Economics' analysis, LISC LA and Estolano Advisors conducted in-depth interviews with dozens of local, city, and regional economic stakeholders who understand the areas' unique social and cultural strengths. What they uncovered led to new insights, hidden assets, and nuanced challenges. For instance, South LA has a strong presence of Black and Latino or Hispanic leaders in community-based organizations, many of which could benefit from leadership-succession planning for the next generation of leaders of color. As one interviewee told us, "Culture is one of the main assets that our community holds but isn't necessarily economically benefiting from"-suggesting the need for targeted strategies to connect South LA residents with cultural industries

in the region, including design, entertainment, and virtual tech. Across interviews, perceptions abounded that the Goodyear Tract had "historically been in the community, but not of the community." This prompted ideas around community ownership and tactics to connect residents to jobs in the diverse industrial district. Strengths-based strategies must be informed by trusted community organizations at all levels of capacity who can provide invaluable information that data alone can miss.

#### Prioritize subareas with potential to generate tangible benefits to residents and business throughout the geographic area. In selecting specific corridors or

districts to focus recovery efforts on, it is imperative they hold the potential to benefit residents throughout the entire community. For instance, the geographic area of the Goodyear Tract does not include the vast majority of South LA residents-but with the right strategies, it could connect residents of surrounding areas to a diverse array of good and accessible jobs within and near their community. The USC/Expo Park area is home to anchor institutions and many transient college students, yet has the potential to provide South LA small businesses with a plethora of business and procurement opportunities. The Crenshaw Corridor serves as a vital cultural destination and source of pride for Black residents throughout Los Angeles, and efforts to promote resiliency and legacy business development within the area will benefit more than just the small businesses within its boundaries. In short, it is essential to ensure that even when recovery strategies are tailored to specific blocks or districts, they bring tangible benefits to a broader swath of residents.

#### 3. Work across multiple levels of governance to connect people with local, citywide, and regional economic opportunity needed to thrive.

Economic conditions in neighborhoods are shaped by public policies, structural inequities, and market realities that take place outside of them.<sup>51</sup> This could be no clearer than in the COVID-19 recession, in which an unpredictable public health crisis exacerbated a range of inequities that intentional federal, state, and local policy decisions forged over decades. Eradicating the structural inequities within neighborhoods thus requires engaging with policies, socioeconomic forces, and decisionmakers outside of neighborhood boundaries.

As economist Robert Weissbourd and others have argued, neighborhoods themselves do not have "economies"-they rely on regional economies to link residents to opportunity (e.g., through connecting workers and small businesses to regional supply chains and high-growth occupations). A neighborhood's connections to the regional economy affect the flow of income, wealth, and investment into the community, which influences the kinds of public and private assets-grocery stores, restaurants, green space, etc.available within the neighborhood. Thus, there is a mutual benefit to aligning inclusive recovery strategies at the local and regional level: Regions rely on neighborhoods for human, financial, physical, and institutional capital (regions with less inequality are more economically successful), and

neighborhoods benefit from regional investment, resources, and initiatives when implemented equitably.<sup>52</sup> This alignment between regional and neighborhood prosperity, however, must acknowledge the harm that regional entities and initiatives have inflicted upon neighborhoods in the past, and ensure new investment and strategies are made to directly benefit residents.

In sum, inclusive recovery efforts must work at multiple levels of governance (local, citywide, and regional) to enact policies and practices that combat these inequities and strive to connect residents to regional economic opportunities outside the boundaries of their neighborhood.53 These efforts must be community-led, but include regional stakeholders such as large employers, firms whose suppliers are in the neighborhood, regional institutions, public sector leaders, and others who invest in, hire, or buy from the neighborhood.<sup>54</sup> Working at multiple levels of governance to connect residents with citywide and regional economic opportunity can make it more feasible to accomplish the kinds of holistic, interconnected policy changes this paper advocates for. However, there is a high risk of losing resident priorities or becoming too "top-down."<sup>55</sup> For this reason, communitybased organizations are essential in leading the process, as they serve as the connective tissue between community needs and local, regional, state levels, and can ensure that governmental actors do not further exacerbate the distrust they have forged over decades.<sup>56</sup>

# Guidance from South Los Angeles: Fostering collaboration to connect residents to regional economic opportunity.

Places that have long been disconnected from economic opportunity require additional investment and capacity-building supports to connect their residents and businesses to the broader region's growth. Lessons from South LA indicate that convening partners across multiple levels of governance is critical to accomplish collective investment in places, people, and businesses long-impacted by structural inequities:

# Connect community-based organizations with community, citywide, and regional leaders who influence policy and practice at multiple levels. In

South Los Angeles, LISC LA convened an advisory committee comprised of community-based organizations, workforce development organizations, CDFIs, city and council representatives, anchor and cultural institution stakeholders, and regional economic development leaders who worked together to develop an actionable recovery strategy that connected residents and businesses to economic relief and opportunity within and beyond the area. LISC began with an initial list of members and asked each participant to identify additional people that needed to be at the table, striving to gather stakeholders they might not have traditionally considered. They created an accessible governance structure with low barriers to entry, informing members of precise time commitments and obligations, as well as providing them with financial compensation to ensure organizations with fewer resources could still participate. Furthermore, they provided members with capacity-building efforts through grants and implementation funds to carry out the South LA recovery plan. Of utmost importance was convening a group that, in the words of an LA-based economic development stakeholder, "looks like South LA but acknowledges power dynamics." This meant having Black and Latino or Hispanic community leaders lead the process, in collaboration with city and regional stakeholders who hold influence to shift policy and practice. Other places looking to enact an equitable place-based recovery action plan must identify

a governance body that reflects the community, generates collective investment in the plan, builds the capacity of community-based organizations, and holds the ability to connect residents to broader citywide and regional economic opportunities in the long term.

*Identify neighborhood interventions that connect residents and businesses to regional resources and opportunities*. To identify regional opportunities with the potential to maximize economic opportunity and wealth creation for South LA residents, LISC and Mass Economics analyzed opportunity industry clusters related to growth, urban contribution, job quality, and job accessibility (see Figure 4).

In addition to industry cluster analysis, LISC and Estolano Advisors conducted interviews to understand the challenges South LA stakeholders face in connecting residents and businesses to regional opportunities. "We've got so much in our own backyard that we're dealing with," said one local community organization in regards to capacity limitations as a barrier for regional strategies. "We just haven't had the capability of really being able to expand our services to the extent that it has an impact for the county." Based on industry cluster analysis and stakeholder feedback, LISC LA identified short-term neighborhood interventions to connect residents with regional opportunities, such as place-based workforce development programs to connect residents with emerging public health jobs to the city and county. For longer-term strategies, they identified pathways to connect residents to jobs in regional opportunity industries such as tech, entertainment, and green infrastructure. Other places seeking to connect residents and business to economic relief in the near and long term must focus on strengthening pathways to promising regional opportunities and eradicating the barriers that prevent people from accessing their region's growth and prosperity.

Туре	Description
Cluster Growth	U.S. job growth % (2010-2018)
	City/County job growth % (2010-2018)
	Projected regional job growth % (2018-2028)
	Absolute projected regional job growth (2018-2028)
Urban Contribution	City/County location quotient (2018)
	City/County location quotient growth (2010-2018)
	City/County employment (2018)
	Projected ratio of City/County-to-regional jobs (2028)
	Percent of Cities/Counties outperforming region (2010-2016)
Job Quality	National average wage (2018)
	Average wage in the core county for those with > a Bachelor's degree (2018)
	City/County-to-U.S. wage differential (2018)
	Percent of jobs providing medium- to long-term on the job training (2018)
Job accessibility	Percent of jobs requiring <= a high school diploma (2018)
	Percent of jobs requiring < a Bachelor's degree (2018)

#### Figure 4. Cluster selection metrics

## Mobilize regional actors to generate improvements in neighborhood conditions, amenities, and services.

It is not enough to connect residents in structurally disadvantaged places to regional opportunities. Regional entities—from anchor institutions to large regional employers—also have a responsibility to support improvements within communities that have long been excluded from economic prosperity. To identify where such improvements are needed, South LA stakeholders engaged community leaders around resident and small business challenges in accessing regional business opportunities, finding employment, and connecting to public and private services, while working to understand their trepidation about rising housing costs and legacy business displacement. "My frustration is I can never get a small business to respond to my RFPs," said one anchor institution stakeholder, describing the mismatch in

information sharing between small businesses and regional institutions. "And the small businesses are like, 'Because we can never find your website!'" From there, the stakeholders identified ways that regional entities-particularly the area's anchor institutionscould support equitable economic development for South LA residents and businesses during recovery and over the longer term. Immediate strategies include convincing regional institutions in the area to engage in a community recovery pledge with local small business procurement goals. Long-term strategies include leveraging transit-oriented development and green infrastructure jobs for resident benefit. Regional strategies will inevitably shift across contexts, but the imperative remains the same: Regional entities must have a stake in supporting places' equitable recovery and long-term development.

**Vetting the plan**: Black- and Latino- or Hispanicled community-based organizations with deep ties to South LA initiated the recovery action-planning process, knowing it would iterate and adapt based on residents' feedback and needs. They co-created the first-draft using previously gathered and ongoing feedback – obtained through working and living within the community, previous engagement sessions, and daily interactions with residents and business owners—with plans to vet the agenda and establish community-approved accountability mechanisms once agenda items were identified as actionable, feasible, and backed with resources. They chose this approach because residents have already given their time and insights many times and have had this feedback ignored, or have had promises and commitments made to them by planners and public sector officials broken. "You don't want to engage people unless it's meaningful," one stakeholder told us, recalling the number of town hall meetings residents had been through with few concrete changes to show for it. "It's offensive." Instead, South LA stakeholders ensured this draft agenda was *deliverable*, *actionable*, and *responsive* to previous feedback, in order to make sure they had something to show for residents' time and effort. The question of when and how to engage residents will vary depending on community context, and knowing how best to do it requires being deeply in touch—and part of—the community itself.

# 4. Tackle the interconnectedness of places' challenges with holistic solutions.

Inclusive, community-led recovery efforts must address the interconnected nature of place-based challenges with the goal of achieving the specific outcomes most important to the community. Whether it be overcrowded housing that exposes residents to COVID-19 or the lack of good and accessible jobs that have long kept them in a state of poverty, no single intervention or policy shift alone can make a dent in addressing the interrelated nature of structural harm. When interrelated challenges are addressed in tandem, efforts to promote access and equity become more feasible. For instance, if barriers such as child care for working mothers can be tackled, others-such as sustaining employment-can become more easily solved.<sup>57</sup>

Advancing an integrated approach requires breaking down the siloes between economic development, community development, and other fields to advance local growth through a set of holistic, interconnected strategies. In practice, this means bringing together actors from varied disciplines and sectors including those that might not consider their work explicitly "place-based"—to achieve a shared, goal-oriented community vision.<sup>58</sup> Because the challenges facing places did not emerge from one sector, one sector (namely, nonprofits with limited funding and capacity) cannot be expected to solve them.<sup>59</sup>

Coordinating across sectors and disciplinary siloes, however, is not an easy task, often due to public, philanthropic, and corporate funding structures that isolate interconnected challenges into siloed grants. Structures to enhance collaboration and break down these siloes include: identifying flexible funding streams to allow for interventions across multiple categorical areas (such as education, workforce development, and human services), proactive coordination between government agencies and philanthropies to define funding streams, and regional associations of funders or other existing networks convened as funder collaboratives around specific geographic areas.<sup>60</sup>

Aside from funding streams, breaking down disciplinary siloes requires devoting time and resources to obtaining buy-in for a common agenda, identifying shared accountability mechanisms, coordinating activities and interventions across organizations, maintaining ongoing communication, and—most importantly—empowering an intermediary organization to serve as a backbone and connector for the effort.<sup>61</sup> While this can be labor-intensive, placebased recovery, at its core, must allow for the breaking down of disciplinary siloes, institutional collaboration, and an integration of thinking across policy domains. These actions that can not only assist communities through the COVID-19 economic crisis, but can provide a stronger foundation for withstanding future shocks as well.

#### Guidance from South Los Angeles: Advancing holistic recovery solutions.

While South LA's recovery action plan is focused primarily on achieving economic equity and building wealth for residents, it also seeks to address the range of factors—environmental, social, historical, and political—that impact residents' ability to access economic opportunity. Doing so requires convening stakeholders across an array of fields to identify holistic mechanisms for addressing interconnected barriers to access.

#### *Identify the range of inequities—from before COVID-19 and after—impacting residents and small*

**businesses**: To understand both the range of inequities impacting the South LA community—from rising rents to the lack of transit connectivity—as well as past and ongoing efforts to address them, LISC LA and Estolano Advisors comprehensively reviewed South LA planning documents from the city, the mayor's office, and community-based organizations such as <u>UNIDAD</u>. They also conducted qualitative interviews about the holistic nature of residents' and businesses' needs, and engaged their advisory committee in a strengths, weaknesses, opportunities, and challenges (SWOC) analysis focused on: 1) general economic and workforce conditions (Figure 5), 2) job training and workforce development, 3) small business development, and 4) placemaking in commercial and industrial areas. This engagement involved placing challenges such as racism and immigrant hostility alongside intrinsic strengths, such as existing coalitions of community leaders advancing social and economic justice. The purpose was to inform holistic strategies with the potential to catalyze structural change rather than chip away at the edges. "We find ourselves in these loops where we're consistently dealing with the same issues over and over again," one stakeholder said. "Certainly, in Los Angeles, over this 30-year cycle, the root of our problems [has] not been addressed. And so, we keep pushing along on the surface and cutting these things down and trimming them back, but we're not getting at the root of them." Other places seeking to advance holistic solutions must take the time to understand the range of inequities facing residents, how these inequities have been approached in the past, who is working on solving them now, and where new efforts can best fit for advancing a shared set of community-defined outcomes.

**Co-create a holistic, actionable agenda to address barriers and promote equitable recovery, now and in the long term**: To advance an agenda reflective of holistic community challenges, long-standing and emerging structural inequities, and undervalued strengths, South LA stakeholders translated the information gleaned from the above-mentioned

#### Figure 5. SWOC analysis example

#### General economic and workforce conditions

Strengths	Opportunities
Human and cultural with deep entrepreneurial spirit Deep connections to	Anchor institutions can create opportunities for procurement and workforce training
cross-sector organizations and coalitions	Bold vision 2028 and collaborative funding
Strong built environment	Emergence of opportunity zone legislation
Weaknesses	Challenges
Racism and anti-immigrant hostility	Stereotypes reinforce assumptions and prejudices
Exploitative and extractive industries	History of economic development prioritizing profit over community
Lack of cross-sector collaboration between	benefit
public agencies and community organizations	No sustained capacity building for local community-based
Unsafe street conditions and environmental hazards	organizations
Lack of long-term, place-based investments leads to gaps in organizational capacity	Lack of transparency in public investments and alignment with private/philanthropic expectations
	Heightened land speculation around transit accessible

engagement and information-gathering processes into a three-year <u>recovery action plan</u>. The action plan organizes its strategies within three overarching goals: 1) strengthen local small businesses and expand small business growth opportunities, 2) invest in resilient districts and foster thriving districts, and 3) empower and connect talent to essential workforce opportunities and elevate career pathways into emerging industries. These strategies are phased for immediate recovery (one to 12 months) and long-term strategies (two to three years) and include three to five specific recommendations for both phases. While many of these strategies—particularly the immediate recovery action items—are practical and designed to connect South LA residents and businesses with economic opportunity

areas

now, when implemented in tandem, they are meant to make significant strides in eradicating long-standing barriers for economic opportunity and promoting wealth-building for residents. Other places seeking to advance a holistic recovery strategy should identify a range of interrelated policy and practice shifts that are actionable within a defined time period, but have the collective potential to make strides in shifting conditions of economic exclusion over the long term.

Designate implementation partners across sectors to own the agenda, and implementation funds to support them: Holistic strategies require working across organizations, disciplinary siloes, and policy domains to advance shared goals. Doing so requires rethinking implementation and funding structures that have long prevented organizations from working together. "Collaboration, planning, and long-term strategies" aren't funded," one South LA-based stakeholder said regarding how siloed funding structures prevent systemic change. "Right now, I don't see solutions coming from philanthropy and governmental agencies around funding collaboration and structural systemic change." Another stakeholder told us, "Community organizations are funded by X program, and so all of their work is centered around this one theme. If you ask them to take on a different agenda, they don't have the space for it." While shifting these structures will require a long-term commitment across sectors, recovery action plans can take steps to mitigate them right now. For this effort, LISC LA identified a range of implementation partners—from BusinessSource Centers, Council Districts, community-based organizations, the Los Angeles Business Council, the mayor's office, etc.-for each policy and practice shift within their agenda, and secured a pool of grant and loan funding to support collaborative implementation of the interrelated strategies. In other places, funding and implementation structures will inevitably vary based on organizational capacity, but building in collaborative implementation partners early on in the process—as well as identifying funding streams as part of the agenda-creation process—can help ensure that recovery action plans are, in fact, actionable, and can be carried out by a range of invested stakeholders across policy domains and sectors.

#### 5. Advance a theory of change to support vibrant, connected, and inclusive communities in the long term.

Many of the principles argued for in this paper require policy and practice shifts in multiple domains and sectors that may have to unfold over varying implementation timelines. For this reason, efforts must be guided by a larger theory of change, or framework, in which the long-term strategy for advancing equity and economic opportunities is clear and measurable.

Theories of change require bringing together seemingly distinct policy reforms, practice shifts, and initiatives to advance a larger strategy—one that, in this case, is developed in conjunction with community leaders, residents, businesses, and engaged stakeholders. Longer-term strategies for change require clearly defining the outcomes that reforms are striving for (including operationalizing concepts such as equity), developing clear mechanisms for achieving them, and planning accountability procedures to measure progress. In short, these strategies outline intermediate objectives from which to advance larger structural reforms and ensure that such reforms will benefit the people they were designed for (South LA residents). In the case of equitable recovery plans, this means remaining accountable to the residents and businesses who have been negatively impacted by structural inequities and economic exclusion.

#### **Guidance from South Los Angeles: Advancing a long-term theory of change.**

South Los Angeles stakeholders knew that their community members had been surveyed, engaged, and planned for time and time again, often without concrete outcomes or tangible improvements to show for it. For this recovery strategy to be different, it had to be both immediately accountable to residents' needs *and* forward-thinking, with the ability to demonstrate concrete results for residents in the near term while advancing larger goals that may take longer to be felt. To build in immediate improvements for residents while promoting long-term equity outcomes, lessons from South LA indicate that leaders should:

Organize recovery strategies—which may have varied goals and implementation periods—around a cohesive, long-term vision for equity: South LA's equitable recovery effort is grounded in a framework that strives to eradicate institutional barriers to equity and inclusion in the long term (Figure 6). This theory of change is reflected in the recovery action plan's strategies to elevate residents' career pathways, strengthen local small businesses, and foster thriving districts.

To accomplish these goals while being responsive to the immediate needs of residents and businesses, South LA stakeholders organized their strategies around interconnected and phased approaches. On their own, these approaches are not sufficient to eradicate institutionalized inequity and should be thought of as incomplete until they accomplish the larger goal. Yet, when taken collectively, they are not just reactive to the immediate concerns of residents, businesses, and

#### Figure 6. Framework to support equity and inclusion in the long-term



districts, but intentional about the longer-term goal of eradicating institutional barriers to equity and inclusion. Any recovery effort should strive to advance long-term strategies for holistic, structural change while remaining responsive to immediate needs, and there are <u>many</u> <u>examples to draw from</u> to ensure such vision is not lost.

Create shared accountability mechanisms to ensure recovery directly benefits the people and small businesses that have long experienced systematic exclusion and injustice: Equitable recovery plans are only equitable if they remain accountable to those they are meant to benefit: the residents and small businesses in places impacted by structural inequities. From the outset, equitable recovery plans must identify a set of metrics and engagement procedures for measuring and tracking progress. As COVID-19 shifts realities daily, South LA stakeholders are identifying a shared set of metrics for each phased strategy to revisit quarterly to reflect changing dynamics and resident needs. Additionally, the South LA governance body will convene all implementation partners quarterly to capture the more qualitative indicators of success and hardship and identify any needed course corrections. In the ever-evolving socioeconomic and public health landscape of COVID-19, a cohesive definition of "success" is difficult to achieve and requires engaging community members to check assumptions, consider new realities, and meaningfully respond to emerging concerns, realities, and ideas.



### Conclusion

A s communities across the country reckon with the stubbornly persistent ramifications of structural harm exacerbated by today's intersecting public health, economic, and political crises—one thing has become increasingly clear: There is no path forward that should lead us back to the status quo.

To avoid furthering a landscape in which people's ZIP code determines how long they live, recovery efforts must take seriously the geographic distribution of structural racism plaguing the country. Leaders at the community, city, and regional levels must work together across sectors and policy domains to be accountable to impacted communities, tackle the root causes of contemporary inequities, and advance long-term community wealth-building strategies and opportunities. We have presented concrete steps for structuring and facilitating such efforts; these steps must be tailored to places' unique histories, contemporary realities, and strengths, and be led by community leaders to be truly equitable and transformative.

And although COVID-19 has made the urgency behind equitable recovery evermore apparent, this urgency cannot subside when the worst of today's crises are behind us. An economy in which entire communities, neighborhoods, and geographies are systematically excluded from opportunity is not sustainable. If leaders do not take action now, they will be complicit in furthering harm against disproportionately impacted communities and the nation as a whole. Today's crises are an imperative to shift from the status quo in order to support more equitable geographies in the long term-a necessary step to ensure we have a stronger collective foundation when the next crisis hits.

# Appendix A. Steps for advancing community-led economic recovery in places confronting long-standing and emerging structural inequities

Target the historical and current structural injustices attached to place	Build cross-sectoral consensus for recovery focused on geographic areas impacted by structural inequities.
	Select geographic areas with documented structural inequities and undervalued strengths to prioritize in recovery efforts.
	Ensure trusted organizations with deep ties to the community lead recovery efforts, in alignment with other initiatives to promote equity in the geographic area.
Value, invest in, and build upon places' assets, strengths, and local capacity	Identify target corridors, blocks, or subzones with concentrations of economic and physical assets.
	Engage community leaders to identify intangible assets—human, cultural, civic, historical, and social—within these areas that may have been overlooked.
	Prioritize subareas for strengths-based strategies with the potential to generate tangible benefits to residents and businesses throughout the geographic area.
Work across multiple levels of governance to connect people with local, citywide, and regional economic opportunity needed to thrive	Connect community-based organizations with citywide, regional, and state leaders who influence policy and practice at multiple levels.
	Identify neighborhood interventions to connect residents and businesses to regional resources and opportunities.
	Catalyze regional actors to prioritize improvements in neighborhood conditions, amenities, and services.
	Identify the range of inequities—from before COVID-19 and after— impacting residents and small businesses.
Tackle the interconnectedness of places' challenges with holistic solutions	Co-create a holistic, actionable agenda to address intersecting inequities, now and in the long term.
	Designate implementation partners across sectors to own the agenda, and implementation funds to support them.
Advance a theory of change to support vibrant, connected, and inclusive communities in the long term	Organize recovery strategies—which may have varied goals and implementation periods—around a cohesive, long-term vision for equity.
	Create shared accountability mechanisms to ensure recovery directly benefits the people and small businesses that have long experienced systematic exclusion and injustice.

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#### For more information

**Hanna Love** Senior Research Analyst Metropolitan Policy Program at Brookings hlove@brookings.edu

#### **Tunua Thrash-Ntuk**

Executive Director LISC Los Angeles TThrashNtuk@lisc.org

#### Jennifer S. Vey

Senior Fellow and Director of the Anne T. and Robert M. Bass Center on Transformative Placemaking Metropolitan Policy Program at Brookings jvey@brookings.edu





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