MEMORANDUM

Date: April 8, 2021

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Recent New York Times Article Regarding Preparation of the County to Economically Recover from the COVID-19 Pandemic**

I am enclosing this article for the Board's information. County staff, including my office, have participated in a very specific program to ensure that this region is best prepared to rapidly emerge from the pandemic economically. These preparation activities are already being acknowledged as indicated in the attached article from the *New York Times*.

We will continue to ensure that this region is prepared to facilitate economic expansion from those employment sectors interested in the Southwest Region.

The County has been working directly with the Sun Corridor developing a recovery and resilience plan associated with the COVID-19 pandemic and should be providing details of this plan in the next few weeks to the public.

CHH/sp

Attachment

c: Dr. John Moffatt, Director, Economic Development Office
Regina Nassen, Deputy Director, Economic Development Office
Diana Durazo, Special Project Manager, County Administrator's Office

The New York Times

SQUARE FEET

Local Alliances Put Some Cities on the Fast Track to Recovery

Economic development agencies have created comeback plans for cities like Austin, Texas, and Tucson, Ariz., positioning them to rebound from the pandemic quicker than others.

Sun Corridor, a regional economic development agency, sponsored a revitalization plan for Tucson, Ariz. Rebecca Noble for The New York Times

By **Keith Schneider**
April 6, 2021, 9:00 a.m. ET

As vaccination rates increase and businesses start to reopen, cities across the country are cautiously moving forward with economic recovery plans to coax workers back into offices and revive real estate markets pummeled by the pandemic.

Some midsize cities — like Austin, Texas; Boise, Idaho; and Portland, Ore. — may be poised to rebound faster than others because they have developed strong relationships with their local economic development groups. These partnerships have established comeback plans that incorporate a number of common goals, like access to affordable loans, relief for small businesses and a focus on downtown areas.

The partnerships are also encouraging investments in infrastructure as lures for new business activity. Last Wednesday, President Biden announced a $2 trillion infrastructure plan to modernize the nation's bridges, roads, public transportation, railways, ports and airports.

"Recovery plans create an agenda for rebuilding the metropolitan area," said Richard Florida, professor at the University of Toronto, who helped prepare a plan for northwest Arkansas.

In Tucson, the revitalization plan, which goes into effect this month, calls for assessing the effect of the pandemic on important business sectors, including biotech and logistics. Other provisions advocate recruiting talented workers and preparing so-called shovel-ready building sites of 50 acres or more.

Demand is high for industrial sites in Tucson. More than 80 percent of requests about real estate in the city are geared toward industrial facilities, according to Sun Corridor, the regional economic development agency that sponsored the recovery plan. And 65 percent of the inquiries deal with space for new factories.

City leaders are building on a five-year, $23 billion growth plan in industrial and logistics development in the Tucson region that resulted in 16,000 new jobs before the pandemic, according to Sun Corridor. Caterpillar and Amazon moved into the region, while Raytheon, Bombardier and GEICO were among the many prominent companies that expanded operations there.

Tucson is building on a five-year growth plan that predated the pandemic. “We’re working together as a region,” Mayor Regina Romero said. Rebecca Noble for The New York Times

“In hockey terms, we’re not playing where the puck is; we’re trying to skate to where we anticipate it is going to be,” said Joe Snell, Sun Corridor’s president and chief executive. “We’re making sure that we have the inventory of building sites so when they do come knocking, we can fill the order.”

Other cities are struggling to recover after pandemic restrictions emptied their central business districts. The question is how much these downtowns will bounce back when the pandemic ends.

“The pandemic caused big changes in how we work, and the geography of where we work,” Mr. Florida said. “The office as we know it, a space to work, is dead.”

Experts disagree about what comes next. Several economic trends, like growth in hiring and the acceptance of remote work, are colliding, said Richard Barkham, global chief economist at CBRE, the commercial real estate firm.

After a 3.5 percent decline in economic activity in 2020, the U.S. economy is expected to grow 6.5 percent in 2021, he said, which bodes well for construction. But CBRE also projects that office employees will spend 36 percent of their time working remotely, up from 16 percent before the pandemic.

“We see a temporary downturn in demand for new offices,” Mr. Barkham said. “We also see that being whittled away over two or three or four years until centers come back.”

Travel and entertainment sectors were shut down during the pandemic, but companies that engaged in innovation, technology and information boomed, said Tracy Hadden Loh, a fellow at the Brookings Institution. Growth in the development of office space for tech jobs was especially strong in Austin; Charlotte, N.C.; Phoenix; and San Francisco, she said, adding that office construction for the knowledge economy would revive after the pandemic.

But she tempered her prediction because of another trend: “The number of square feet per worker has declined really dramatically since 1990,” she said. Couple that with recent announcements from companies like Google, Microsoft, Target and Twitter about remote work, and some cities could see less office construction activity.

These challenges are not limited to midsize cities. Larger metropolitan areas like Los Angeles and New York are certainly in distress, but they have shown the capacity in the past to rebound from calamity. In San Francisco, municipal authorities said that there was no way to predict postpandemic construction activity but that expectations were high.

“This isn’t the first recession here,” said Ted Egan, San Francisco’s chief economist. “We’re expecting people to come back to the office.”

But the cities that have a strong alliance with business development agencies are expected to recuperate faster.

For instance, the Downtown Austin Alliance, a business development group, is convening focus groups and workshops, and conducting interviews and surveys to stir fresh interest in its downtown office market. Before the pandemic, 11 buildings encompassing roughly 3.5 million square feet were under construction, nearly half of all downtown office space.

Boise established a 16-member Economic Recovery Task Force made up of city officials, academics and executives of professional organizations. In September, it issued recommendations to “enhance economic resilience and agility.”

One of the 85 restaurants that closed in downtown Tucson during the pandemic. Rebecca Noble for The New York Times

And the Greater Portland Economic and Development District formed a partnership with the Metro Regional Government to prepare a plan to recover from the economic shock of the pandemic, which wiped out 140,000 jobs and shuttered 30 percent of the region's small businesses. Among their recommendations is to direct funds and technical assistance to small businesses through local Community Development Financial Institutions, part of an affordable-lending program from the Treasury Department.

Some cities are already seeing success. A year ago, Boston abruptly suspended construction for nine weeks in an effort to halt the spread of the coronavirus. During the moratorium, the Boston Planning and Development Agency prepared a recovery plan that focused on reviewing permit decisions for major projects remotely. With its 250-member staff working from home, and in some cases outfitted with new software and digital equipment, the planning agency held 220 virtual public meetings and digitally reviewed architectural plans and land-use proposals.

"We identified a methodology to conduct our reviews and resume public participation," said Brian P. Golden, the agency's director. "Honestly, it worked better than we could reasonably have expected."

The city approved 55 significant development projects last year encompassing 15.8 million square feet and valued at $8.5 billion, the most in Boston's history. The largest was $5 billion Suffolk Downs, a 10-million-square-foot, mixed-use development with 10,000 housing units rising on a shuttered horse-racing track.

Tucson is also intent on resuming construction. Along with identifying sites for industrial development, the Sun Corridor recovery plan calls for resuscitating the city's downtown.

The pandemic closed 85 downtown restaurants, eliminated 10,000 travel and tourism jobs and cut revenue in the sector by $1 billion. The antidote is to persuade city and county leaders to make loans and grants available to small businesses tied to the tourism industry, the focus of commercial space in central Tucson.

Mayor Regina Romero said the city was investing $5 million — $2 million more than last year — in the city's tourism marketing group. Tucson also distributed $9 million from the federal relief legislation passed in March 2020 in grants ranging from $10,000 to $20,000 to small businesses, many of them in tourism.

"We're working together as a region," Ms. Romero said. "That's one of the most important steps that we can take for the recovery."