

THE FUTURE OF CITIES

Reenvisioning Retail





About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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**TO PREPARE THEIR CITIES
FOR UNCERTAINTY AHEAD,
LOCAL LEADERS HAVE
HAD TO REENVISION THEIR
CITIES IN REAL TIME AS THE
PANDEMIC PRESENTED NEW
DIFFICULTIES AND POTENTIAL
FUTURE CHALLENGES.**



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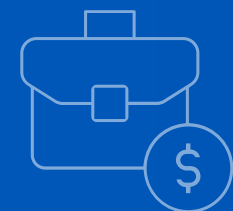
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INTRODUCTION

C OVID-19 forever changed our world in so many ways. The pandemic created enormous public health impacts as nearly 600,000 Americans perished, a human toll that has been felt similarly all around the world. At the same time, cities and towns of all sizes and locations throughout the country have struggled to weather the economic impact of shutdowns and a prolonged period of financial distress. The pandemic year has been a time of firsts: students joined teachers in virtual classrooms at school; many brick-and-mortar businesses quickly pivoted to online retail and curbside pickup; workers across a range of industries wore personal protective equipment; and numerous government services went digital instead of requiring a trip to city hall. The rapid changes and adaptation required to respond to the pandemic tested cities across the U.S. as city leaders had to become public health experts while supporting residents, businesses and workers financially during this time of great transition.

To prepare their cities for uncertainty ahead, local leaders have had to reenvision their cities in real time as the pandemic presented new difficulties and potential future challenges. Some areas provide a clearer picture of what the future holds than others. Changes in the retail sector, already accelerating previously, have been expedited even more due to the COVID-19 pandemic, making it difficult to plan for what comes next. The future of cities may be continually in flux, but ultimately our great urban places will thrive in the years ahead with a robust retail environment — and local governments' ability to support it — at its core. Retail — whether online, at brick-and-mortar locations, or increasingly via a mix of both — forms the foundation for local economies, our workforce and community main streets across the country. Now more than ever, city leaders have an opportunity to help shape the retail landscape in ways that realize their community's vision for the future.



**NOW MORE
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THE CITY OF THE FUTURE IS NOW

Cities are ever growing and changing, with great shifts precipitated by health, environmental and economic factors throughout history. The COVID-19 pandemic has simultaneously delivered a health crisis, economic crisis and racial crisis. Vaccinations and government economic support are creating space for the pandemic to recede and economic growth to accelerate to levels not seen in decades. But even with growth projected for 2021 and beyond, the pandemic has reoriented decision making both within cities and the wider country, accelerating existing trends within the retail environment.

The pandemic has forever changed when and where consumers access retail with e-commerce and neighborhood retail fortified and expanded. The increased integration of online commerce and physical retail is only accelerating as the boundaries between these spaces become more fluid. Land use trends that accelerated during the pandemic — movements toward 15-minute cities,

increased street closures and creating more space for people in cities and suburbs — will continue to expand. What this means for how we view distinctions between retail, housing and commercial building space will be central to future community growth. Mixed-use development within cities and in surrounding suburbs becomes even more normalized as people demand expanded service availability in neighborhood walksheds and through speedier delivery.

The macro-level economy has strongly bounced back from the initial plummet seen during the pandemic-led downturn in the middle of 2020 due to government support, renewed economic strength, vaccines and the reopening of much of the economy. It has been an uneven recovery however, with those at the top in many cases thriving financially throughout the pandemic. As we parcel out the economic impacts of those at different quartiles of the economy it becomes very apparent that those workers

near the bottom have not felt the same positive impacts on their financial bottom lines. At the intersection of low-paid work, race, educational opportunities and disparate impact of the pandemic, a broad swath of Americans has decidedly bore the brunt of this health crisis. Therefore, government policy tied together with forward-leaning corporate policy that centers low-wage workers in civic and corporate decision making is so important. People need a living wage. Although there has clearly been a shift within some segments of the retail space to provide this in recent years, a great deal of the retail economy does not pay wages that support workers. The economic impact of this can be felt in communities across America.

Far-reaching technology with the power to both create and destroy jobs sits at the center of all of these trends. At its best, technology can help to upskill work, raise productivity and generate better wages. Wholesale automation can also displace people and jobs. This is why

technology must be seen as a means rather than an end in the retail environment and our cities. Too often there is a singular focus on technology — as an output rather than as infrastructure — in conversations about the future of cities. Technology will be a key component of cities' ability to move forward. We may even see further integration of a wide array of personal mobility devices, autonomous vehicles, drones and sidewalk robots delivering packages near and far, bringing on-demand everything at our beck and call.

These shifts in thinking about land use, economic opportunity and technology will intersect with the broader movement toward creating people-centered places. This is where retail will prove key. City leaders are working hard to build next generation spaces that incorporate and accelerate trends that draw people into cities and grow local economies.

The future of cities and the future of retail are intertwined as we rebound and rebuild in the wake of the COVID-19 pandemic.

CHANGES IN THE RETAIL ENVIRONMENT

Retail is the foundation of local economies, making up the main streets and commercial corridors that supply essential goods and services, and neighborhood shops that provide amenities and character to the places we live. Employing 16 percent of the American workforce, the retail sector is a critical source of income and wealth generation for workers and business owners. Retail is constantly evolving to meet current needs, from the rise of buying on credit in the 1920s to the rapid ascent of shopping malls in the 1950s to the arrival of big box stores in the 1960s and e-commerce in the 2000s. **As the pandemic recedes, we are again at a critical inflection point in the way retail takes shape in our cities.**



Retail Sectors Examined¹


Motor Vehicle
and Parts Dealers


Food and
Beverage Stores


Sporting Goods, Hobby,
Book and Music Stores


Furniture and Home
Furnishings Stores


Health and Personal
Care Stores


General
Merchandise Stores



Electronics and
Appliances Stores


Gasoline
Stations


Miscellaneous
Store Retailers


Building Material
and Garden Equipment
and Supplies Dealers


Clothing and Clothing
Accessories Stores


Non-store
Retailers

Revenue and sales

For the last 15 years in particular, many retail operations have struggled to find their place. The Great Recession and ensuing market disruptions and job losses redefined what it took to be a successful retail business. Revenue sales data from 2007 to 2021 demonstrates this shift in how Americans were shopping and what they purchased.² Prior to the pandemic, retail sectors like electronics and appliances stores, clothing and clothing accessories stores and gasoline stations were already experiencing a steady decline in year-over-year sales. Other retail sectors like furniture and home furnishings stores, and sporting goods, hobby, book and music stores saw an increase in year-over-year sales but at a diminishing rate. Businesses slow to evolve to new norms of retail and customer needs either shut down operations or stepped back to refine their business models. Examining the rate of business openings versus closures shows that for every sector except for food and beverage stores and health and personal care stores, the rate of business closures surpassed the rate of business openings during the Great Recession. Sectors like gasoline stations, general merchandise stores and non-store retailers were relatively quick to recover, but sectors like electronics and appliances stores have seen a higher rate of yearly business closings than openings in the past decade.³ The 2010s saw many independent stores

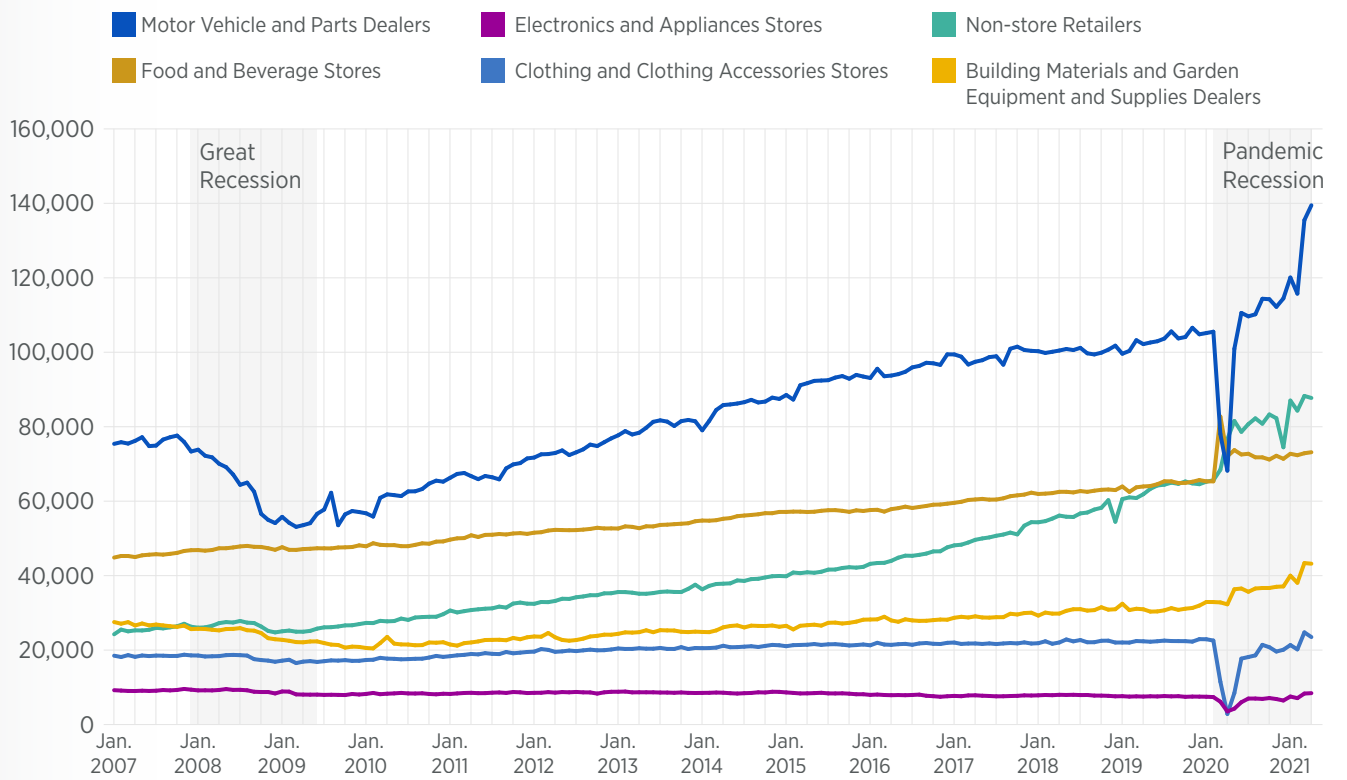
and retail chains, such as Borders Books, Blockbuster and Toys “R” Us, go defunct, unable to compete with the rise of Amazon, eBay, Shopify and other online retailers.

Increased trade and lower wage costs internationally, the continued movement away from U.S. manufacturing and factory work, the rise of the technology sector and the acceleration of e-commerce all have a part in explaining the pre-COVID-19 retail environment. Many sales trends across retail sectors have carried through the pandemic and are now reflected in the spending recovery. **Overall, the retail sector has seen an approximately 10 percent increase in dollars spent in February 2021 compared to February 2020.** However, this rebound has proved uneven. For example, clothing and clothing accessories stores and the electronics and appliances sectors still have not regained their pre-pandemic levels, hovering at 87 percent and 96 percent of spending compared with monthly spending from February 2020.⁴

Interestingly, several sectors experiencing modest year-over-year growth in sales prior to the pandemic such as food and beverage stores, building material and garden equipment and supplies dealers, motor vehicle and parts dealers, furniture and home furnishings stores,

Chart I. Retail sector sees uneven growth since the Great Recession. The pandemic has shifted areas of expansion and contraction.

Sales by retail sector in thousands of dollars



Source: U.S. Census Bureau. (2021). Advance monthly retail trade report [Data set]. www.census.gov/retail/index.html

and sporting goods, hobby, book and music stores, have seen a sharp increase in sales, surpassing pre-pandemic spending levels. This reflects changing consumer preferences in response to the pandemic as household purchases are geared more toward home-improvement and hobby-related purchases.

The strongest growth across retail is seen in the non-store retail sector, which experienced a 27 percent increase in sales in the last year driven largely by the rise of e-commerce. As the vaccination rates continue to increase, sales across the retail industry will continue to rebound, albeit at varying rates.

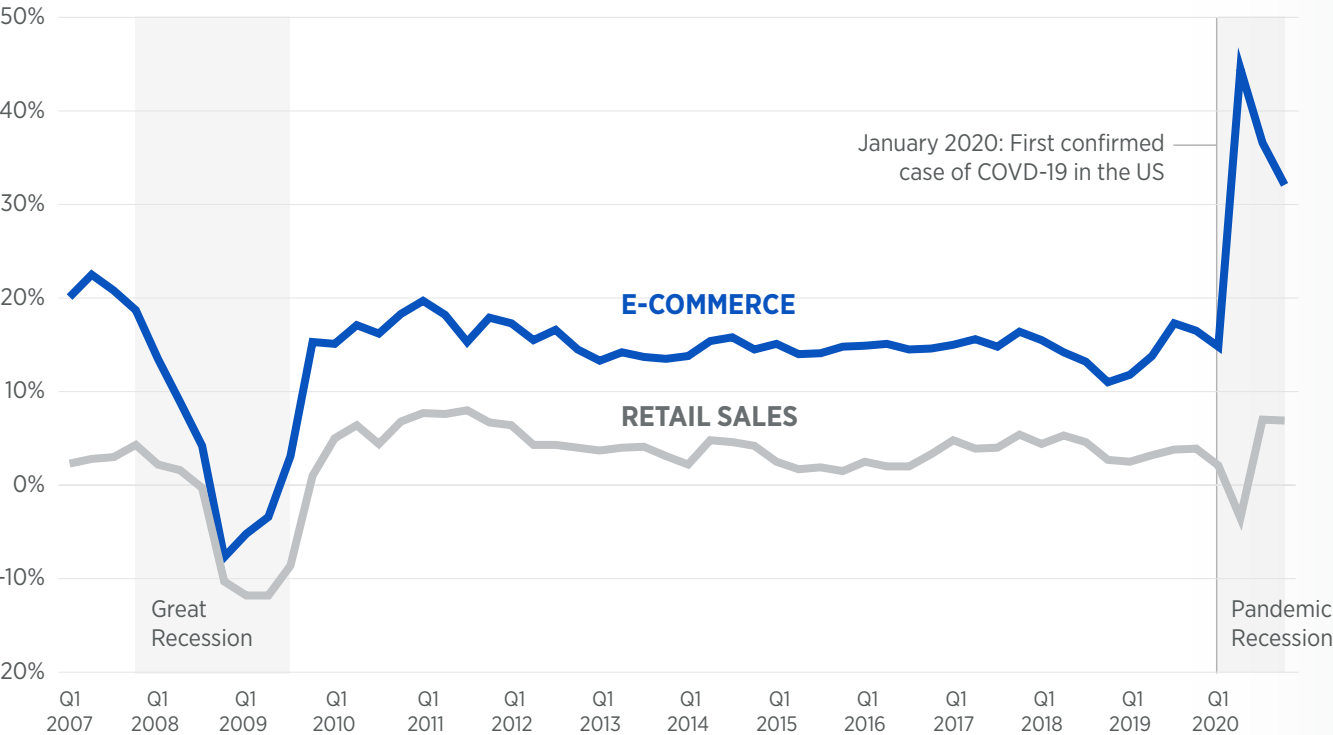
E-commerce

Recession has greatly impacted both brick-and-mortar and e-commerce retail. Eighty-seven million square feet of retail space went dark in 2008.⁵ For context, it is estimated that 159 million square feet was emptied in

2020 due to major chains closing.⁶ Although overall retail sales decreased dramatically in response to the Great Recession, e-commerce rebounded more rapidly than brick-and-mortar stores. Year-over-year overall retail sales have

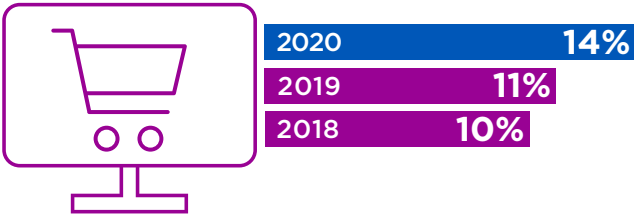
Chart II. The growth of e-commerce accelerated dramatically because of COVID-19. What was expected in 2022, we experienced in 2020.

Percent change in year-over-year quarterly e-commerce sales



Source: U.S. Census Bureau. (2021). Quarterly e-commerce report [Data set]. www.census.gov/retail/index.html

In 2020, e-commerce accounted for 14 percent of total revenue sales compared to just 11 percent in 2019 and 10 percent in 2018.



grown, but the share of e-commerce sales has outpaced that overall growth. In the last 10 years, while the rate of e-commerce growth far outpaced the growth of the overall retail industry — 15 percent year-over-year growth compared to 5 percent — year-over-year growth remained relatively consistent for both.

The pandemic dramatically expedited the growth of e-commerce. Faced with stay-at-home orders and store closures, millions of Americans turned to online shopping, leaving businesses without an already-established online presence scrambling to create or strengthen their existing presence. Sales in the non-retail sector, which mainly consists of e-commerce sales, have recovered back to pre-pandemic levels and have grown significantly — 2020 Q2 saw a 44.5 percent increase in sales from the same quarter a year ago.⁷ In 2020, e-commerce accounted for 14 percent of total revenue sales compared to just 11 percent in 2019 and 10 percent in 2018. It is clear just how quickly the pandemic fueled the rise of

e-commerce.⁸ E-commerce sales reached levels anticipated in 2022 in 2020 due to pandemic-driven growth.⁹ As more people rely on these online retail services, e-commerce will continue growing in the post-pandemic environment. The shift to e-commerce had a less significant impact on cities during COVID-19 than the Great Recession when sales tax revenues declined rapidly. In 1967, *National Bellas Hess v. Department of Revenue of Illinois* held that state and local governments cannot require businesses to collect sales tax unless the business has a physical presence in the state.¹⁰ This rule was not overturned until 2018 in *South Dakota v. Wayfair* when local governments gained the ability to collect most taxes due on sales from out-of-state vendors.¹¹ City fiscal conditions would be in a much more dire state now without that change in case law.

Although the hardest hit industries during the pandemic, such as the restaurant and tourism industries, have experienced some of the largest curtailing of interest and sales, rising rates of

IT IS CLEAR JUST HOW QUICKLY THE PANDEMIC FUELED THE RISE OF E-COMMERCE. E-COMMERCE SALES REACHED LEVELS ANTICIPATED IN 2022 IN 2020 DUE TO PANDEMIC-DRIVEN GROWTH.

ALTHOUGH MANY HEADLINES HAVE WARNED OF THE “DEATH OF RETAIL,” THE REALITY IS MORE NUANCED.

vaccinations and increasing fiscal confidence will drive demand back toward pre-pandemic levels sooner than initial projections. Even though this pent-up demand may initially boost consumers’ preferences for in-person shopping and dining experiences, customers will continue to value the convenience of things like buy online, pick up in-store.

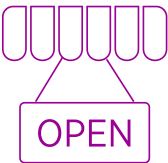
Although many headlines have warned of the “death of retail,” the reality is more nuanced. The retail industry is incredibly diverse, with certain sectors better set up to weather the rise of e-commerce. For example, businesses like motor vehicle and parts dealers, gas stations, and food and beverage stores are largely impervious to online encroachment. These sectors are largely still driven by experience-based shopping that requires a brick-and-mortar presence. This means that the 14 percent of total retail sales accounted for by e-commerce is more heavily concentrated in other sectors. For example, e-commerce penetration — the percentage of all retail purchases made online — in the electronics sector was nearly 10 percent, highlighting that brick-and-mortar retailers that do not prioritize offering an experience or point of differentiation will have a difficult time surviving.¹² A store like Apple is an outlier but demonstrates the growing consumer demand for experience-based shopping and a blend of in-person and online offerings. Clothing and electronics are two sectors heavily susceptible to this shift

to online shopping. They have seen a decline in year-over-year sales and a lagged recovery during the pandemic, suggesting they may not ever recover and must adapt to changing consumer preferences to stay in business.

Retailers with an existing online presence were poised to meet the pandemic-fueled shift toward e-commerce. As of August 2020, 121 retailers in Digital Commerce’s “top 500” offered curbside, compared to only 19 retailers that offered the service in 2019.¹³ The shift to e-commerce has been a major win for retailers like Amazon and Walmart. Many small and micro businesses were left trying to quickly establish an online presence with lower profit margins and less capital and expertise to make the transition seamlessly. As of April 2021, the number of open small businesses decreased by 33.6 percent compared to January 2020.¹⁴ Despite many business closures, for the first time in years retailers across the country are planning to open more stores than they are closing.¹⁵ To ensure a continued, inclusive recovery from COVID-19 across the retail sector, cities need to actively create solutions.

33.6% ↓

The number of open small businesses decreased by 33.6 percent from January 2020 to April 2021.



The retail industry is consistently changing.

In the future, successful retail operations will have a few key components:

- **Retail will meet people where they are,** whether that is online from their homes or in brick-and-mortar storefronts in their neighborhoods or city centers. The flexibility of shopping from the location most convenient for the customer will remain a primary driver of sales.
- **Mixed-use development will continue to grow throughout metro regions.** The pandemic accelerated inter-metro movement, with data pointing to a resurgence in the growth of suburbs and a preference for walkable, amenity-rich communities. Cities will need to mesh these factors with retail demands, co-working spaces and other experiential spaces.
- **Retailers will integrate more into the community.** Retail operations shifted into the public space during COVID-19 with outdoor dining and retail becoming commonplace in cities. Leading cities will enshrine outdoor dining, retail and people-friendly streets into their visions for the long-term success of their communities.
- **Retail will continue to expand beyond storefronts** in business districts and into other parts of the community. The success of “buy local” movements during the pandemic and an emphasis on hiring local workers will persist as many retailers look to participate more fully in their cities and build strong business communities.
- **Demand for experience-based retail will continue to grow with some retailers.** Sales for many businesses like restaurants, bars or car dealerships will remain strong in the shift to e-commerce because of their ability to capitalize on the customer experience. Consumer trends show a preference in spending for experiences more than physical goods. The global economy means access to consumer goods is less place-specific, so customers focus on unique experiences instead.
- **The types of retail jobs will greatly change** as successful retailers proactively plan for a shift in their business model and with their workforce. Cashiers and retail salespersons may be supplanted by drivers, stock clerks and order fillers due to changing consumer preferences and the rise of automation. Women and people of color will be most vulnerable to shifts in occupation driven largely by changes in consumer preferences and the rise of automated warehousing operations.
- **Emerging technologies and expanded access to data have the potential to revolutionize the retail industry.** Retailers will embrace them, working with their local governments to determine proper use and community benefits. Cities have already enabled personal delivery device operations for delivery of groceries and food, self-service kiosks, and semi-autonomous delivery vehicles. As consumers get more comfortable with them, these emerging technologies will play a larger role in retail operations.

HOW CITIES CAN SUPPORT THE RETAIL ENVIRONMENT TO BENEFIT THEIR COMMUNITIES

CCOVID-19 put a spotlight on areas of needed improvement in cities, elevating certain services and supports for residents, businesses, and workers from nice-to-haves to must-haves. U.S. cities took the lead on addressing a global pandemic and the ensuing shutdown of business activities, severe revenue losses across most sectors and job losses not seen since the Great Recession; a nationwide reckoning with systemic racial injustice; and contentious elections at all levels of government. Without much, if any, financial support from states and the federal government, cities expedited their plans and reshaped their visions about what the city of

the future looks like and how it can support its residents, businesses and workers and enable them to thrive.

Even though the vision of the city of the future is consistently changing, the centrality of the retail environment and local governments' ability to support its operations will prove a key component in cities' recovery from COVID-19's devastation and their preparations for what comes next. **COVID-19 reinvigorated cities' focus on land use, planning and zoning; economic opportunity and jobs; and the best ways to deploy technology to support their communities now and in the future.**

WITHOUT MUCH, IF ANY, FINANCIAL SUPPORT FROM STATES AND THE FEDERAL GOVERNMENT, CITIES EXPEDITED THEIR PLANS AND RESHAPED THEIR VISIONS ABOUT WHAT THE CITY OF THE FUTURE LOOKS LIKE AND HOW IT CAN SUPPORT ITS RESIDENTS, BUSINESSES AND WORKERS AND ENABLE THEM TO THRIVE.





LAND USE, PLANNING AND ZONING

**COVID-19 PROVIDED
THE OPPORTUNITY TO
REFLECT ON HOW PUBLIC
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The planning process, land use regulations and zoning codes are the main levers cities can pull to define how communities use public and private space. Changes, minor or major, take time to discuss, build agreement on and enact. COVID-19 quickly overturned this norm. Downtowns, once the centers of their communities, became ghost towns. Revenues plummeted across the retail industry. “For lease” and “for sale” signs replaced vibrant window displays. Cities had to jump into action to mitigate the devastation, forever changing the conversation around land use in the process.

Residents have come to appreciate some aspects of these land use changes. Pop-up plazas, streets closures, curbside pickup and increased options for outdoor dining have become mainstays in their lives that they do not want to give up. At the same time, almost

60 percent of retail square footage in the U.S. was forced to temporarily close due to COVID-19.¹⁶ It is unclear exactly how much of this closure will be permanent, but the clothing and clothing accessories stores, and electronics and appliances stores that were already experiencing pre-pandemic declines in year-over-year sales may constitute a large portion of these closures. More than 12,200 major retail chain store locations permanently closed in 2020 alone, translating to 159 million square feet of emptied retail space.¹⁷

What will happen to these redefined public spaces and all these vacant storefronts? COVID-19 provided the opportunity to reflect on how public and private spaces should serve the residents, businesses and workers that rely on them. **Now it is up to city leaders to make sure these spaces will continue to meet community needs.**

Focusing on flexible land use codes

Flexible land use codes will lead to fewer shocks and stressors in the retail sector.

Cities rarely have an opportunity to make broad sweeping changes to how public space and the built environment serve the community. Land use codes are heavy tomes of jargon-filled edicts on what can be done, where it can be done and how it can happen. Cities can go decades without making any significant changes to these policies. The comprehensive planning process is similar in many respects. Although the creation of the comprehensive plan enables more community involvement, it is a snapshot of the future of the city, seldom adapting as the needs of the community change. COVID-19 shook up the land use discussion in many cities, encouraging leaders to think more creatively about how public space and the built environment can fulfill community needs more responsively.

Adaptive use of public space

COVID-19 changed the way in which public space is used in cities and redefined how the built environment can serve community members. Worries about transmission of the virus in enclosed spaces brought Americans back outside for walking, dining, shopping and socializing.¹⁸ Cities jumped to carve out space for safe retail operations in a variety of ways, from reallocating metered parking spaces as curbside pick-up zones to closing streets and sidewalks to vehicular traffic to enable outdoor dining and shopping. Cities already practiced with the street closure movement were able to adopt a similar process more quickly for creating more space outside.

From just a small handful of cities at the vanguard of the street closure movement — led by New York, NY, and San Francisco, CA — to dozens of cities by late 2020, these policies have helped to open space to people. Many of these cities have turned to car-free streets as a way to support small business operations during the pandemic, particularly those in the restaurant industry. **The National Association of City Transportation Officials estimates that in 2020 at least 100 U.S. cities created curbside pickup zones for restaurants.**¹⁹ Although it is unclear whether all these changes will be made permanent, cities were exploring loading and pickup zones prior to the pandemic. COVID-19 has accelerated the degree to which cities have been thinking about instating these changes, suggesting that curbside pickup will become a more permanent fixture in years to come.²⁰ With deliveries to retail and residential locations increasing, cities — already no stranger to the parking requirement conversation — had to navigate how to equitably manage competition for the curb. Many cities seized the opportunity to repurpose the curb and public space, putting people before cars.



STREATERIES OR STREET EATERIES: Outdoor dining locations in public spaces, such as streets, sidewalks or parking spots, to enable COVID-19 conscious dining operations.



110,000

restaurants and dining establishments have **closed permanently or shut down** for the long-term since March 2020.

COVID-19 brought disparate changes to the retail sector in cities. The National Restaurant Association estimates that 110,000 restaurants and dining establishments have closed permanently or shut down for the long-term since March 2020.²¹ The City of Washington, DC, lost more than 235 brick-and-mortar businesses to permanent closure and approximately 100 more closed temporarily due to COVID-19.²² The significant shifts in travel and spending habits are affecting commercial areas of the city differently. While restaurants downtown and high-end shopping and dining in the city's Georgetown neighborhood have been negatively impacted, some residential areas have experienced less disruption because work-from-home workers have shifted their spending to neighborhood businesses. These trends are reflected in cities across the country. It is easy to imagine how much worse the situation could have been if cities had not adjusted current code requirements to create space for dining in parking lots and parking spaces or helped set up streateries and retail operations in roadways shut down to vehicular traffic.²³

These land use changes required quick action to meet transitional needs of retailers and their customers and adjust to evolving state and local state of emergency declarations. However, in the absence of existing, flexible zoning ordinances, this meant waiting for a city council meeting to present city staff recommendations and gain elected officials' approval for temporary changes. Although

many of these changes are time limited, it is likely that cities will extend some to meet the ever-changing requirements of safe retail operations and community needs. These short-term recommendations, discussions and approvals from elected officials need to give way to longer-term decisions about public spaces in our communities. Will people continue to take precedence over cars at the curb? Should streets stay closed to promote outdoor retail operations? How long will curbside pickup parking spots be necessary? Are these changes making a difference and encouraging economic activity across the city?²⁴ City leaders with adaptable land use regulations will be equipped to lead these conversations in their communities and support their retail environments more easily than those without.

Adaptive use of the built environment

As the public health crisis response to COVID-19 becomes more routine, cities are returning to conversations on how best to plan and design public spaces. With demand and interest in public space access high, it is not too late to shift to a more flexible planning and design model to meet these continuing needs. **The colocation of retail, public and residential space benefits all.** Currently there is increased and significant demand for pedestrian-friendly, outdoor public space.²⁵ Cities should continue these shorter-term public space pilots while also considering policies around incentivizing privately owned public spaces, improving access to public



5.7%

In 2021, the **average retail vacancy rate** will rise to 5.7 percent, the highest since 2015 and up from 5 percent last year.

buildings and reimagining community spaces after hours.²⁶ The City of New York, NY, has experimented with different ways to encourage walkability, create accessible public space and spur economic activity. Although dated, a 2013 New York City Department of Transportation (NYC DOT) study analyzed sales tax receipts to compare retail activity before and after several street redesigns and improvements. When comparing the results to similar places nearby with no street design changes, NYC DOT found a 49 percent increase in retail sales and a 49 percent drop in commercial vacancies surrounding areas with new pedestrian plazas and bike lanes from 2007 to 2012.²⁷

With businesses' instability increasing due to COVID-19 losses in revenue, many cities have ended up with unused or underused retail space. In 2021, the average retail vacancy rate will rise to 5.7 percent, the highest since 2015 and up from 5 percent last year. At the same time average retail rents dropped 0.7 percent, the first decline in nine years.²⁸ As cities begin to support the filling of empty storefronts or encourage distributed retail areas across the community, they must consider whether zoning is too restrictive for potential low impact uses of the space. The foundation of flexible land use codes means cities can more easily assist in filling those spaces by reducing regulatory hurdles. Small-scale or artisan manufacturing — businesses creating a tangible product that can be replicated or packaged — can be great additions to retail centers.²⁹ They have a few

employees making good wages, require smaller spaces for operations, draw in customers interested in seeing the production process and are quiet, clean neighbors to traditional retail establishments. In 2015, Nashville, TN, added artisan manufacturing as a permitted land use to its code to accommodate this type of business in more places around the city. The ordinance enables artisan manufacturing in all mixed-use zones, many commercial zones and the downtown core zone, while laying out how it can be permitted in industrial zones as well.³⁰ Cities can also turn vacant retail storefronts into pop-up spaces for businesses just starting out that might not be ready for a long lease or that have a limited amount of product for sale.

In Los Angeles, CA, the city has worked to enable the private sector and property owners to more easily establish pop-up retail in empty stores to activate the area and enable businesses to see the potential of a currently vacant space they could be filling.³¹



POP-UPS: Temporary businesses that may be new businesses appearing in full-sized retail spaces or in a small part of a larger store. Or they may be existing businesses trying out a new location or looking to serve a temporary need. Pop-ups enable experimentation and innovation in the retail sector.

RECOMMENDATIONS:

FLEXIBLE LAND USE



The city of the future will continue to prioritize people in public spaces. After seeing the rapid actions city leaders took to support the retail environment, provide access to goods and services for residents and ensure safe ways to enjoy the outdoors during the height of COVID-19, there is no going back to the way things were. Cities should consider ways to support more flexible land use, enabling quick changes to meet evolving needs.

- **Ensure zoning regulations are designed with flexibility of use in mind and that changes can happen administratively during times of need.** Disasters and emergencies will always bring along unexpected situations and conditions. Having a foundation of zoning principles centered on safety and well-being — but flexible in other regards — gives cities the chance to pivot and meet emerging needs. Broader, more accommodating definitions of commercial uses has helped cities ensure responsiveness to market adjustments and encourage shorter periods of vacancy during COVID-19. City staff, property owners and retailers who were able to work together, without being restricted by things like temporary sign ordinances, the need for change-of-use permits or parking adequacy studies with each change in tenancy were able to better support their communities' needs during this unprecedented time.³²
- **Focus longer term land use code adjustments on efforts that put people's use of public space first.** Assume that the desire to physically distance will continue. Longer term infrastructure upgrades for indoor-outdoor operations will be necessary. Consider adjustments, such as wider sidewalks, touchless pedestrian crossings and car-free streets in future planning efforts. Acknowledge the importance that open space plays in mental and physical health and the role that changes like car-free streets can play in giving space back to people. Prioritize the creation of open public spaces over parking, particularly in areas without adequate access currently.³³ Pay particular attention to who is lacking access and work with community members to determine what amenities would best serve their needs.
- **Decrease regulatory hurdles for desired, community-beneficial development.** With commercial vacancy rates still on the rise from COVID-19, property owners are willing to do what they can to attract viable tenants.³⁴ Sometimes that requires making changes to a retail space to illuminate the possibilities and increase appeal to a wider audience of potential retailers, especially if the new use is different from previous uses of the space. A flexible building code and permitting process would enable commercial property owners to more easily and quickly 'fit-up,' or transform, a space to meet the need of potential and future tenants as use of the retail space evolves. Pop-ups and other short-term uses have proved beneficial ways to fill vacant store fronts, meet customer needs and provide retailers a way to test their businesses for longevity. Starting a business is difficult and expensive. Ensure the business licensing and permitting process is not standing in the way of good retail activity.

Anticipating a blend of brick-and-mortar and online retail

A blend of brick-and-mortar and online retail is here to stay.

Although e-commerce has been trending up in recent years, COVID-19 was again a significant expediter.³⁵ **E-commerce spending increased 44 percent from 2019 to 2020. Online spending represented 21.3 percent of total retail sales in 2020, compared with 15.8 percent the year prior.**³⁶ Online shopping and home delivery became the norm during COVID-19 and a way for businesses with an online presence to lessen the revenue losses they were experiencing. Storefronts adapted to suit this new mode of retail operations. Even now retailers continue to navigate this blend of in-person and online operations with the reopening of more businesses in the U.S.

Online presence versus in-person activity

COVID-19 required businesses to have some digital component to survive. 2020 was the first time many businesses launched online stores with point of sales systems or joined existing online platforms to reach larger audiences than they had previously. This proved an easier task for some individual businesses and sectors than others. An April 2020 survey of 5,850 small businesses in the Main Street America network showed that only 36.7 percent of respondents had an online sales component to their business while 36.5 percent were working hard to establish alternative modes of business operations (e.g., online, telephone, etc.).³⁷ As the shelter-in-

place orders began, retail revenues ground to a halt for those businesses without an online presence. Businesses across the country rushed to establish themselves and expand their customer bases online. Cities were right there to support them. The City of Mesa, AZ, used some of its CARES Act funding to establish a small business technical assistance program. Businesses who were within the city limits and suffered negative financial impacts due to COVID-19 were eligible to receive education on a variety of topics from setting up a work computer and building a website to kickstarting an online store for digital-first consumers to attracting leads and gaining customers with a point-of-sale system.³⁸



CITY SPOTLIGHT

Akron, OH
The city supported its local business community by launching Akronite, a mobile app that offers incentives for residents to shop at local businesses while helping these small businesses, in particular woman- and minority-owned, recover from COVID-19 revenue losses. This city-led app features 120 small businesses, increasing awareness in the community about opportunities to shop locally and expanding the customer base for these businesses.³⁹



Although an online presence continues to be necessary for business, it does not negate the benefit of in-store operations. Consumers return 30 percent of online sales, compared with just 9 percent of in-store sales. A 2016-2018 analysis of consumer credit card transactions shows that customers who spend \$100 online typically spend an additional \$171 in store within the next 30 days.⁴⁰ Similarly, customers who spend \$100 in store will spend approximately \$163 online during the following 30 days. Many customers prefer to buy products that offer free in-store returns instead of customer-paid shipping returns. Sixty-two percent of shoppers are more likely to shop online if they can return an item in-store.⁴¹ Retailers will still benefit from having a storefront to accept returns and encourage additional sales. Twenty percent of customers who return an online purchase in-store make an additional purchase.⁴² In this new hybrid environment, cities need to consider their role in enabling a blend of brick-and-mortar and online retail. This will mean providing a variety of types of commercial spaces and more equitable access to storefronts for all business types, no matter their stage of growth.

Mixed-use operations

The push for same-day and even 30-minute delivery during COVID-19 benefitted businesses with distributed warehousing and operations. Employment in the warehousing and storage sector grew eight percent from January 2020 to January 2021, as businesses like Amazon, Aldi and Lidl sought to increase their warehousing capacities and hire additional employees.⁴³ Small

businesses were not set up to operate at the same scale and thus turned to online buying with in-store pick-up. Retail workers became shoppers, gathering items and preparing them for pick up. Stock rooms took over customer spaces to make it easier to fill these orders. From a land use perspective, the lines between warehouse and retail establishment started to blur.⁴⁴

With the increase of in-store operations, many retail spaces will return to their previous uses. However, other businesses may need the additional warehousing and distribution spaces that enabled their COVID-19 operations. A 2014 study shows that online retailers need about three times the warehouse and distribution space as brick-and-mortar retailers to generate the same kind of revenues.⁴⁵ A 2020 Moody's Analytics analysis shows apartment, office and retail development has decreased anywhere from 10.0 to 15.7 percent while industrial warehouse and distribution has increased 3.6 percent, translating to more than 4 million square feet of new space.⁴⁶ Depending on the land use code, cities may have to refine their definitions of warehouses — further clarifying the differences between commercial and industrial use — to support this change. Some vacant commercial spaces, like shopping malls, may be good candidates for repurposing to enable the blend of brick-and-mortar and e-commerce operations.⁴⁷ City leaders will need to balance the needs of the community and the retail sector when making changes to current policies.

BLEND OF

RETAIL OPERATIONS

The mix of in-person and online operations is likely to continue in all aspects of commerce. Retailers need the flexibility to meet these new needs and encourage sales through any channel they can. This may mean different needs regarding the type and amount of physical space required to run both brick-and-mortar and e-commerce businesses.



- **Encourage the development or repurposing of commercial spaces to meet a variety of retail needs.** Cities have a role to play in encouraging retail spaces of different sizes across all of their communities. Historically store sizes have ranged in size: downtown stores are typically less than 1,000 square feet while a neighborhood grocery store might be 10,000 square feet. At the other end of the spectrum, supercenters can be 180,000 to 250,000 square feet while free-standing chain drugstores are 11,000 to 15,000 square feet.⁴⁸ To prepare for the city of the future, zoning should support multi-story, pedestrian-oriented districts that include a mix of small and large commercial spaces.⁴⁹
- **Confirm zoning codes do not restrict home-based businesses and enable the transition to storefronts for businesses ready to make the leap.** As the retail environment evolves and businesses continue to operate in both brick-and-mortar and online, entrepreneurs need the flexibility to run their businesses from whichever location makes most sense, financially and logistically. Focus on what specific types of business activities should be prohibited based on the health and safety impacts of those activities, instead of being too restrictive for all uses as zoning codes have historically been.
- **Consider land use code definitions of retail, warehouse and distribution as they relate to commercial and industrial use.** Cities need to look at how they are classifying (and taxing) different types of land uses. Are current definitions working and enabling the types of economic activity the community needs? Land use codes are infrequently updated holistically, so city leaders will likely need to make specific changes to meet emergent needs. As the mix of online and in-person operations persists, civic leaders need to evaluate whether or not rigid land use codes discourage business operations.



Creating community hubs

Create community hubs by integrating retail into neighborhoods to benefit residents and businesses alike.

Even before COVID-19, cities were undergoing a change when it came to public and private spaces, realigning the prevalence of certain types of spaces with the community need for those spaces. Transit-oriented development — compact, pedestrian-centric mixed-use communities with access to high-quality transportation — was on the rise.⁵⁰ Studies signaled the imminent downfall of single-purpose office parks and the decline of indoor shopping malls.⁵¹ COVID-19 continued this shift in use of commercial spaces, creating the opportunity for those in certain sectors to work from home. This in turn lessened demand for office spaces in city centers and increased the need for retail into areas where workers live. These remote work operations demonstrated to employers — many of whom did not allow for remote work previously — that work from home or a blend of work from home and the office is a viable, productive model for future operations. Even as some operations return to in-person, this combination of work from home and work from office will continue. A recurring survey from Gallup shows the desire to continue working from home beyond the pandemic shows no sign of decreasing (Chart III).

The percentage of those who want to continue to work remotely are more driven by preference than fears stemming from the pandemic.

This will have long-term effects on business districts or other areas primarily used for business operations. Cities with commercial hubs throughout the community will be better positioned to meet current and future needs.

Decentralized retail

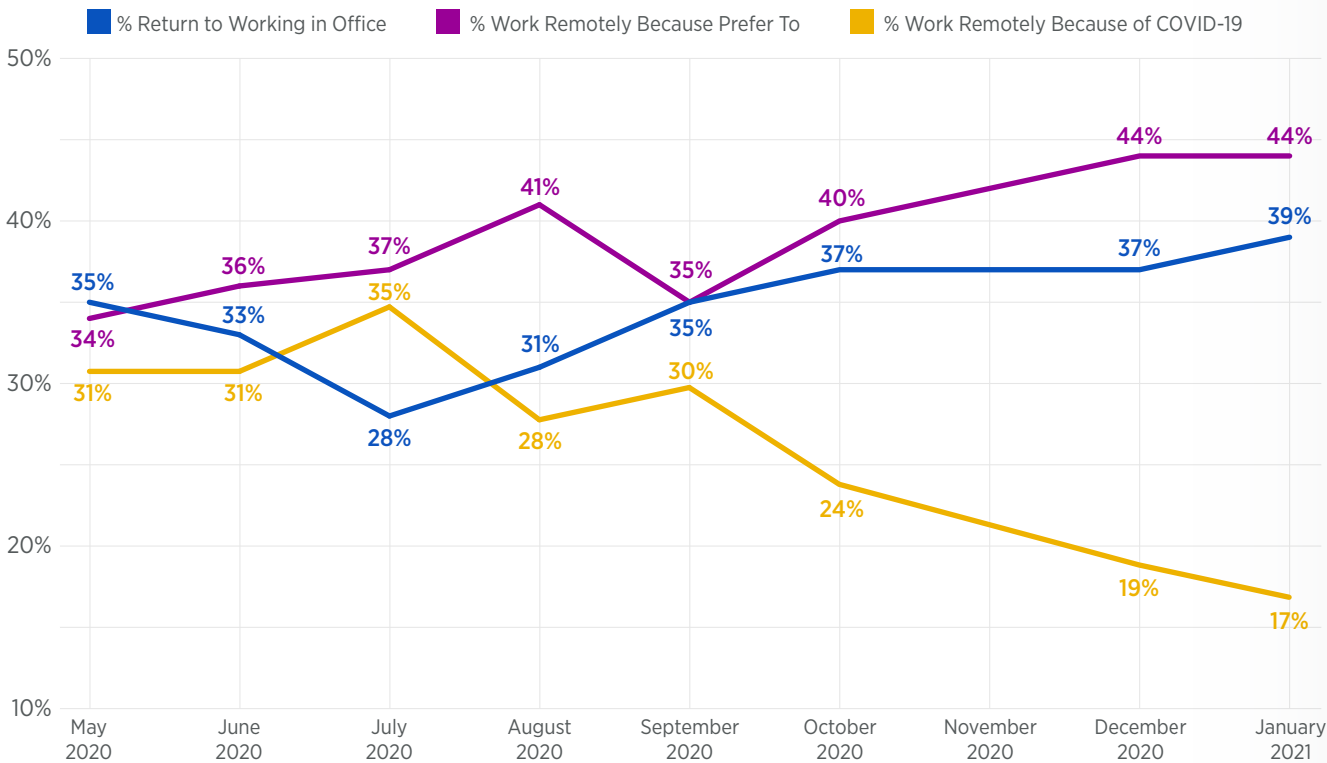
Because many workers are spending more time at home in residential areas, their retail needs have changed. It is no longer convenient for some retail activities, such as picking up a prescription at the pharmacy, dropping off business attire at the dry-cleaners or grabbing lunch to-go from the deli by the office, to happen in the business district of a city. To meet customer preferences, decentralized retail and the formation of neighborhood community hubs needs to be prioritized. The 15-minute city in which most residents can meet their needs within a short walk or bike ride from their home has been gaining traction again.⁵² Many cities are already working toward ensuring easy access to groceries and healthcare for all neighborhoods, houses of different sizes and levels of affordability, open spaces and the flexibility to work from home or remotely.⁵³

An August 2020 survey found that 56 percent of respondents are both shopping in neighborhood stores and buying more locally sourced products. These consumers anticipate

these trends to grow in the future with 79 percent shopping in their neighborhoods more and 84 percent focusing on local products.⁵⁴ Given the need to enable a mix of work from home and work from the office, cities have a role to play in supporting and encouraging the decentralization of retail from the city center into neighborhoods. In September 2020, the City of Chicago, IL, announced its first equitable transit-oriented development plan. It includes a comprehensive set of actions to advance racial equity, wealth building, public health and climate resilience

Chart III. Remote work is here to stay; how much is still in question.

U.S. remote workers' preferred work arrangement once restrictions are lifted.



Note: Survey was not conducted in November 2020.

Source: Saad, L., & Hickman, A. (2021, February 12). Majority of U.S. works continue to punch in virtually. Gallup. news.gallup.com/poll/329501/majority-workers-continue-punch-virtually.aspx

ADAPTIVE REUSE OF SPACE WORKS BEST IF IT IS DRIVEN BY COMMUNITY NEEDS AND VISION.

goals. Chicago notes that there has been significant job growth in construction, retail, accommodations and food services sectors in areas with transit-oriented development. City leaders anticipate that new transit-oriented development projects will support walkable, livable communities by increasing neighborhood access to retail, job opportunities and affordable housing.⁵⁵ In the absence of formal transit-oriented development plans, cities should make sure their zoning code promotes a healthy mix of residential and commercial activity in all areas of need to better serve their residents.

Realigning space with needs

With continuing changes in the demand for commercial space and the desire for decentralized retail, cities will have to take the lead in developing solutions. Some cities will have to address underutilized office and retail spaces, especially in their core business areas. When paired with a continued reduction in business travel to these places and lessened demand for related retail services (e.g., hotels, restaurants, car rentals, etc.), these cities must be active in repurposing spaces to serve community needs. This could mean transitioning commercial office spaces to residential and encouraging residents to move back downtown. In contrast, other cities will have to adapt to assist retail moving into their communities. This could mean support in infrastructure upgrades and facade projects to create welcoming

retail spaces in previously underutilized buildings or clearing permitting hurdles to help businesses open their doors more quickly.

Adaptive reuse of space works best if it is driven by community needs and vision. The comprehensive planning process has evolved to include more voices in the creation of community development goals. However, to avoid the gentrification and displacement of residents that changes to the retail environment like these can bring, city leaders need to ensure that equity is at the forefront of these decisions.

CITY SPOTLIGHT

Seattle, WA

The city made equitable development a priority to ensure “economic vitality can be enjoyed by all its residents.”⁵⁶ Since the 1990s city leaders have worked with residents across 38 neighborhoods in Seattle to develop community-driven visions of how each area could grow and change in a beneficial way. During this time of rapid change from COVID-19, cities should prioritize equity in their economic recovery to ensure changes in the retail sector are aligned with community needs.



City of Los Angeles, CA

EQUITY HAS BEEN AT THE FOREFRONT OF THE CITY'S RESPONSE.

City of Los Angeles, CA: Clearing Land Use Hurdles to Support Retail

History of Los Angeles

The City of Los Angeles, CA, knows how to handle an earthquake. City staff are trained to respond, following tried and true policies and procedures. Residents even have an app to help them prepare their homes and neighborhoods for natural disasters.⁵⁷ Like many other cities, Los Angeles did not feel ready for the COVID-19 pandemic. Through the city's multilayered response, two things have become clear:

- It is Los Angeles' people and places that make the city great. Preparations for the city's future and for recovery from unforeseen or unpredictable challenges begins with building up the resilience of residents, businesses and workers.

- Once seen as a disadvantage, the decentralized nature of the city is a huge asset in its continued recovery from COVID-19, enabling community-based development that meets localized needs.

New zoning code

COVID-19 expedited many of the plans Los Angeles already had in place, encouraging flexibility with rules and regulations to ensure resilience. With a zoning code that has not been updated comprehensively since 1946, the city is moving toward a hybrid form and use-based code that considers types of uses, building form and neighborhood character in decision making. re:code LA is a five-year endeavor that will incorporate learnings

from the pandemic response and clear up inconsistencies in the current code so that it is easier for residents and businesses alike to create the built environment and public spaces that best serve them. Los Angeles wants use to be by-right without excessive bureaucratic hurdles and paperwork to help communities create vibrant places that meet their long-term needs.⁵⁸

Streamlining operations

The pandemic also brought with it a renewed recognition that businesses need the ability to do what works for them to quicken their recovery as long as it does not affect health and safety. In May 2020, Mayor Eric Garcetti launched LA Al Fresco, an outdoor dining program, which streamlined permitting for dining on sidewalks and in private parking lots, parking spaces and within lane and street closures. Instead of waiting for administrative review or going to a meeting in a city building to discuss options, applicants get immediate approval for most requests. The city is doing the internal work, coordinating between departments to make programs like these successful. Bringing Economic and Workforce Development, City Planning and the Department of Transportation together to work on the framework for LA Al Fresco meant that applicants got one set of instructions with all the necessary information in their native language. This

program and many other land use policy changes will likely continue. Currently, Los Angeles is working to pass a Local Emergency Ordinance that extends parking relief options for businesses that have outdoor dining, are undergoing a change-of-use, or currently have off-side parking conditions. The ordinance will also provide extensions for conditional uses, giving businesses more time to pay fees associated with discretionary approvals.⁵⁹

Equity has been at the forefront of the city's response. The first round of grant and loan programs were operated on a first-come-first-served basis. Once the city realized that businesses without existing connections to the city and those with language or digital access barriers were not applying for funding, city staff switched the program model and rethought outreach efforts. The city has been releasing information in multiple languages to ensure that all Angelenos can benefit from these new programs and policies. Even technical assistance programs for businesses are expanding their language access. The move to online services in response to COVID-19 has opened up access to business owners who could not make it to a city building to process their transactions. Increased automation in project applications and the new automatic payment system have made it easier and more equitable

City of Los Angeles, CA



The tapestry of neighborhoods in Los Angeles, once seen as a disadvantage, now presents an opportunity to create **more localized areas with distributed services** throughout the city.

for customers to get what they need, while also saving city staff time. Before the pandemic, the city planned to use incentives to bring grocery stores and sit-down restaurants to marginalized communities and food deserts through its Good Food Zone policy.⁶⁰ Once fully implemented, participating businesses that expand access to healthy food and provide jobs for low-income residents will receive additional benefits. City staff are considering ways to build on this model for other incentive programs in areas of need throughout the community.

Distributed services

As the city moves back into more normal operations, conversations around the look and feel of its public and private spaces have started again. The tapestry of neighborhoods in Los Angeles, once seen as a disadvantage, now presents an opportunity to create more localized areas with distributed services throughout the city. When talking through the concept of the 15-minute city, there are a lot of similarities in how Los Angeles is planning for its future:

- **Access to food:** As part of its Green New Deal, Los Angeles set a 2035 goal for all low-income residents to live within half a mile of fresh food.⁶¹ Programs like the forthcoming Good Food Zone are moving toward making this a reality.

- **Access to housing:** The city's 2016 Transit Oriented Communities Incentive Program enables developers to build more units and be eligible for additional incentives if they include on-site affordable units within a short distance of key transit stops.⁶² This will be necessary to connect residents to other community hubs with needed goods and services.
- **Access to open spaces:** Mayor Garcetti has pledged to work toward all residents having access to a park or open space within a 10-minute walk from their home.⁶³

Looking ahead

Los Angeles is in the process of updating its 35 community plans.⁶⁴ The city sees this as an opportunity to find the gaps in each community and fill them in a precise and equitable manner, embracing the tenets of the 15-minute city and bringing more voices into the conversation. This goal for the future of Los Angeles is shared by elected officials and residents alike. Councilmember and former NLC President, Joe Buscaino said, "Having job centers with retail, dining, entertainment and amenities so folks don't have to drive to Downtown LA and sit in traffic to get those things — that's the vision that we have in my district."⁶⁵ The work is far from over, but the City of Los Angeles is embracing what it has learned from its COVID-19 response. City leaders are working to ensure residents, businesses and workers are able to thrive as the city continues to evolve in the future.

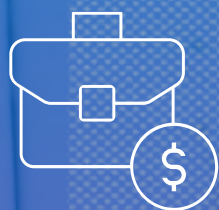
RECOMMENDATIONS:

COMMUNITY HUBS

Because of COVID-19, life has become more centered around the home. People are spending more of their time in their homes and exploring their neighborhoods. Even as workers begin to go back into offices in some capacity and businesses in the city centers reopen to meet these needs, residents are tied to their neighborhoods more than ever. Cities have a role to play in ensuring needs can be met within all parts of their communities. Distributed community hubs should provide residents the things they need to live, work and play outside of the business center of their cities.

- **Provide information and facilitate the startup of essential businesses in key areas of the community.** Community developed transit-oriented development plans are a great way to ensure neighborhoods are meeting community needs. However, even without a transit-oriented development plan, cities can use available data to promote decentralized retail across their communities. Business licensing and tax assessment data contain a wealth of information about what types of businesses are operating where. Cities can take the lead on a gap analysis of retail by sector and neighborhood and incentivize development in particular places by clearing the permitting pathway or connecting property owners with retail tenants. This is a chance to address some of the systemic inequities seen across neighborhoods in cities. There is widespread agreement on the need to increase access to essentials, such as grocery stores and food establishments. Cities should prioritize addressing these gaps first.
- **Engage residents in defining their needs for their neighborhoods.** Residents know the ins and outs of their neighborhoods best. These community members have first-hand knowledge about everything from changes in traffic patterns and necessary transit route improvements to gaps in the local retail sector. Use that knowledge to inform community development and planning efforts. This is not a one-time conversation, as neighborhoods are living, breathing and changing places. Keep these lines of communication open through things like the joint development of a neighborhood plan or the establishment of a neighborhood services department in the city. Be mindful of which residents the city engages, prioritizing historically disinvested neighborhoods. Working with community-based organizations may help support trust-building between the city and these residents.
- **Take this opportunity to bring the over-retailing and under-housing of America into better balance.** If a city has empty or underutilized commercial space available, consider transitioning the space to residential and upping housing stock.⁶⁶ Many large cities have suffered from affordability crises. The shift from commercial to residential space will benefit the remaining retailers by improving customer proximity to services. Many mid-sized and smaller cities will continue to see new remote work residents joining their communities. These cities address new housing demands to avoid falling prey to the same affordability issues of larger cities.





ECONOMIC OPPORTUNITY AND JOBS

EVEN THOUGH RETAIL SECTOR EMPLOYMENT HAS REBOUNDED IN TERMS OF NUMBERS, WHAT IS CHANGING IS THE TYPES OF BUSINESSES THAT EMPLOY RETAIL WORKERS AND THE TYPES OF ROLES THEY ARE IN.

Although COVID-19 has dramatically altered how Americans live and shop, it has mostly served as an expeditor of trends that were well underway. Even though retail sector employment has rebounded in terms of numbers (Chart IV), the types of businesses that employ retail workers and the types of roles they are in are changing. The pandemic impacted employment across different retail sectors unevenly. Sectors like clothing and clothing accessories stores, which were already threatened by changing consumer preferences and the rise of e-commerce, experienced a 23 percent drop in employment. The sporting goods, hobby book and music stores and electronics and appliances sectors were also hit hard. Cashiers will no longer be the

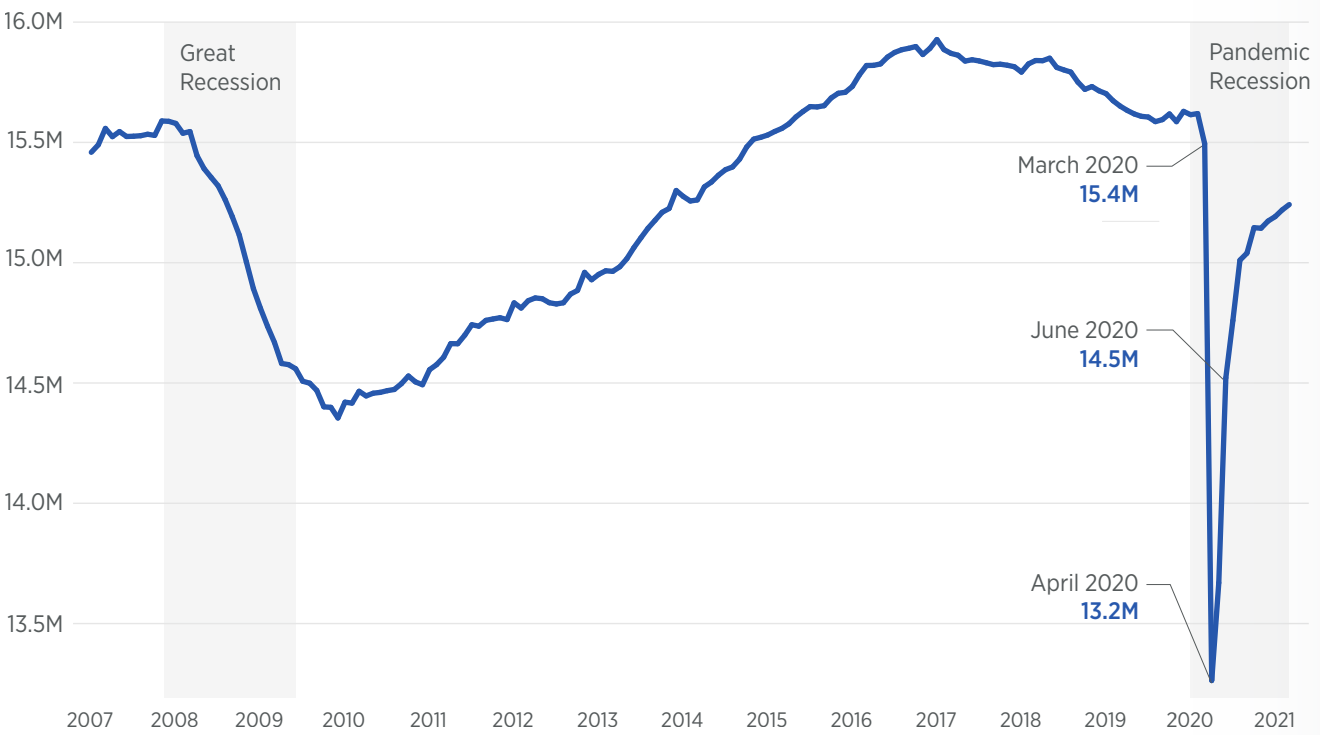
mainstay of the retail sector as demand for occupations like driver/sales workers and truck drivers continues to rise to meet the American appetite for convenient, online shopping. Occupations like drive/sales worker and truck drivers may grow increasingly familiar in the retail sector as continued e-commerce growth results in greater volumes of home delivery. Not all retail occupations that support e-commerce are safe. Although U.S. Bureau of Labor Statistics estimates suggest demand for stockers and order fillers will rise by 0.7 percent by 2029, the firms are increasingly using automated storage and retrieval equipment based on sensors and barcodes to fulfill warehousing and storage needs. As more firms adopt these new technologies the demand for stockers and order fillers will decrease over time.

Beyond consumer preferences and demand, cities should consider who is employed in the retail sector and who owns small businesses. Although the retail sector often provides low-barrier entry level jobs, wages and benefits often do not match

the cost of living. **Considering the retail sector disproportionately employs women, immigrants and people of color, establishing better wages and benefits will begin to uplift some of America’s most systemically disadvantaged people.** Understanding

Chart IV. Retail job loss during COVID-19 was much more significant over a shorter amount of time than during the Great Recession. However, the recovery was also swifter.

Total retail jobs



Source: U.S. Bureau of Labor Statistics (2021). Current employment statistics survey [Data set]. www.bls.gov/iag/tgs/iag44-45.htm

that small business ownership is a critical source of wealth building for communities of color, cities should be removing barriers to accessing resources like capital, real estate and technical assistance to support business growth. As cities plan for the future, taking into

consideration wage and workplace fairness, job skills training to effectively transition their workforce into high-demand occupations and diversifying their small and local retail business economy will prove critical to building a sustainable and resilient business ecosystem.

Chart V. Retail job losses due to COVID-19 were heavily concentrated in sectors already on the decline prior to the pandemic.

Retail job losses by percent year-over-year change (February 2020 versus February 2021)



Source: U.S. Bureau of Labor Statistics (2021). Current employment statistics survey [Data set]. www.bls.gov/iag/tgs/iag44-45.htm

Ensuring wage and workplace fairness

Ensuring wage and workplace fairness will be integral to prevent workers from slipping through the cracks.

Although the retail sector employs a large percentage of the total U.S. labor force, median hourly pay for many associated occupations does not equate to a living wage (Chart VI). Some retail companies have set staff wages higher than the local minimum wage and other chains — such as grocery stores Kroger and Albertsons — are unionized, giving workers more bargaining power to negotiate higher hourly wages. According to a recent survey from food retail workers, unionized workers were far more likely to report earning wages above the poverty line and receiving promotions than non-unionized workers. According to the United Food and Commercial Workers, whose grocery clerk unions represent 835,000 grocery store workers, their contracts routinely include health benefits compared to just 42 percent of businesses in the retail industry.⁶⁸

The Bureau of Labor Statistics employment data for the retail sector only includes store-based retail jobs.⁶⁹ For that reason, the National League of Cities expanded the list of examined occupations to include employees who work in the transportation and logistics industry as well to reflect the changing nature of the retail landscape. **Based on NLC’s estimate, the retail sector employs 22.4 million. According to these estimates, those employed in the retail sector at large account for 16 percent of the total U.S. labor force.**⁷⁰

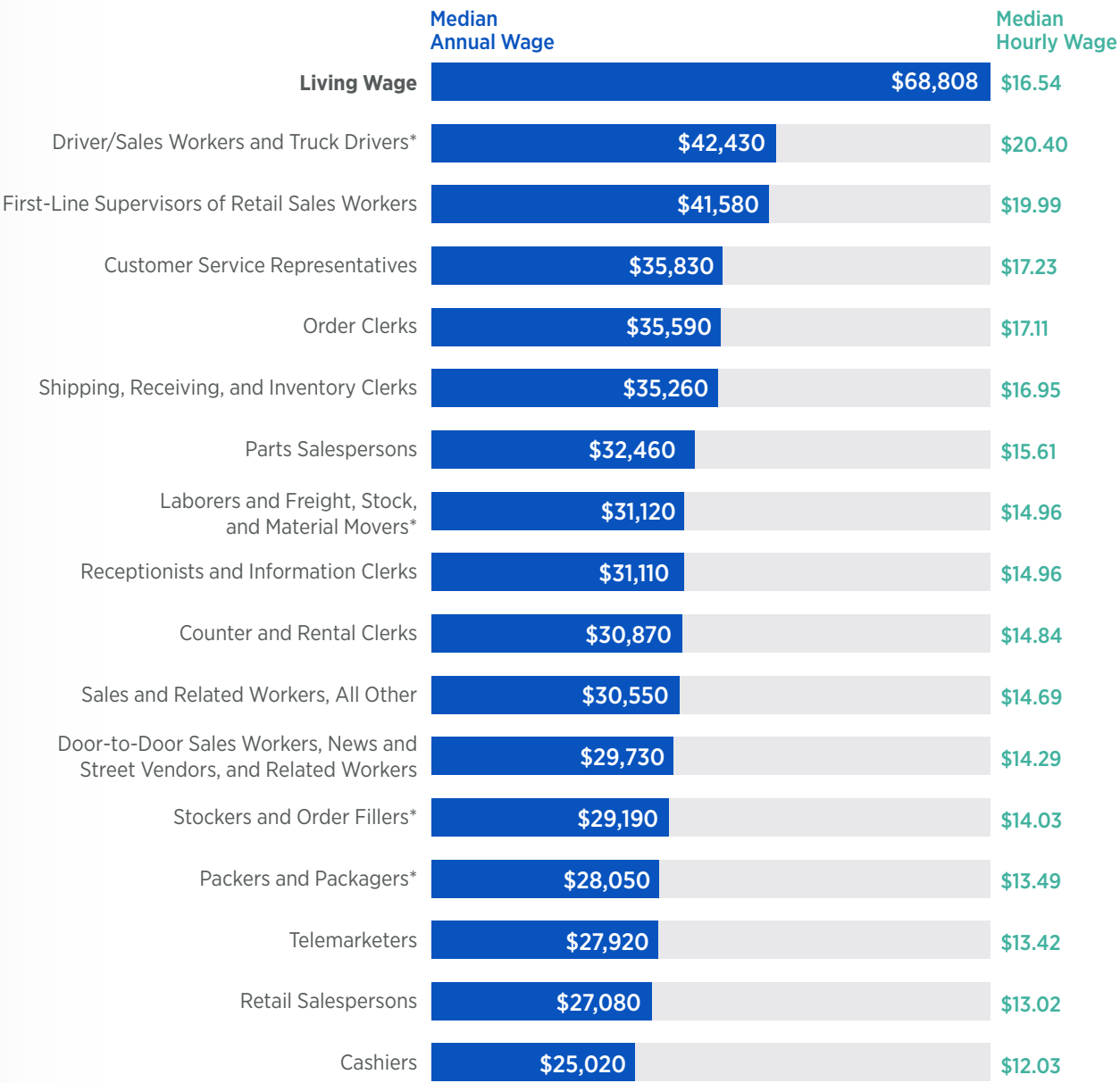
However, despite these minimum wage increases and voluntary reforms by employers, income volatility and wage stagnation persist particularly for the lowest-paid members of the retail workforce. Consequently, working in retail is often no longer economically sustainable or sufficient to make ends meet. The median pay for cashiers in 2020 was \$12.04 an hour.⁷¹ **Based on this assessment, no cashier working 40 hours per week at median hourly pay can afford a two-bedroom rental home in any state.**⁷² In addition to issues with housing affordability, a lack of adequate healthcare and affordable childcare options has left many retail workers more vulnerable to contracting COVID-19 while simultaneously rendering them unable to bear the financial burden of time off or the cost of medical care. The retail industry is one of the largest employers of low-wage workers in the country. Ensuring these workers are treated fairly will help to mitigate the effects of future shocks on industry employees.⁷³

Minimum wage

Prior to the pandemic, several cities like Alameda, CA, and Portland, ME, passed minimum wage ordinances to support fairer work wages.⁷⁴ According to a February 2021 analysis, half of Americans in low-wage occupations are essential workers, including those in occupations like cashier and retail salesperson.⁷⁵ In a grocery store, for example, a typical cashier making \$12.04

Chart VI. 64 percent of retail workers do not make a living wage for a family of four with two working adults and two children (\$16.54 per hour per worker, or \$68,808 per family per year).

Median hourly wage and median annual wage for retail occupations.



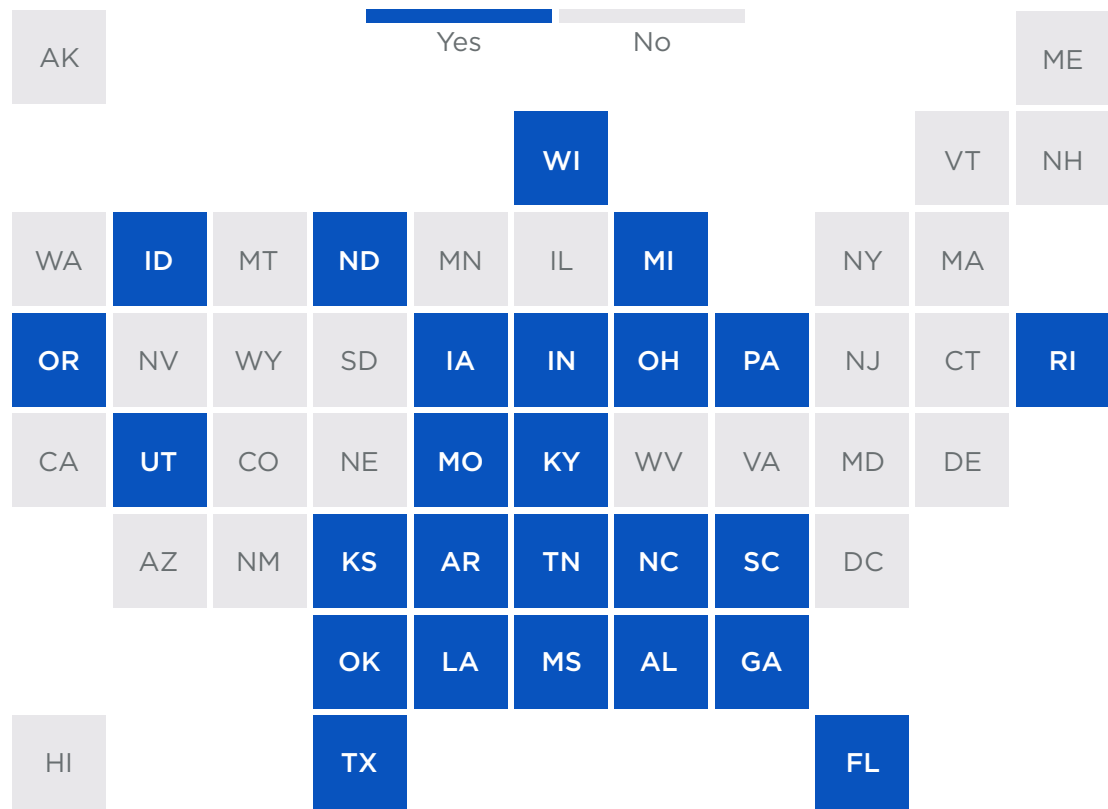
*Occupations are considered by the Bureau of Labor Statistics to be “Transportation and Warehousing,” not “Retail Trade”⁶⁷
Source: U.S. Bureau of Labor Statistics (2021). *Current employment statistics survey* [Data set]. www.bls.gov/iag/tgs/iag44-45.htm

per hour would put a family of four below the poverty line.⁷⁶ **Raising the minimum wage is a first step in narrowing the gap between the value that retail workers provide to society and the low wages they receive in return.** This is a space where concerted advocacy from civic

groups, the private sector and the public sector can be transformative. Twenty-five states have prohibited cities and counties from establishing local minimum wages above the state or federal minimum wage.⁷⁷ Twenty-nine states and the District of Columbia have minimum wages

Chart VII. Many cities are preempted by their states from establishing a higher local minimum wage.

Minimum wage preemption in the U.S.



Source: Economic Policy Institute. (2019). *Worker rights preemption in the U.S.: A map of the campaign to suppress worker rights in the states.* www.epi.org/preemption-map



\$16.54

The **living wage** in the United States is \$16.54 per hour for a family of four (two working adults, two children).

higher than the federal minimum wage. Seven of those states voted to increase the state minimum wage to \$15 in the next few years.⁷⁸ Beyond state action, 45 localities have adopted minimum wages above their state minimums, with several cities, including Burlingame, CA, and Portland and Rockland, ME, voting to increase minimum wage to \$15 in the near term.⁷⁹ Although a minimum wage is integral to securing an income floor, a \$15 minimum wage does not necessarily equate to a living wage, nor do cities necessarily have the power to enact minimum wage ordinances on their own. According to MIT’s Living Wage Calculator, the living wage in the United States is \$16.54 per hour for a family of four (two working adults, two children).

Portable benefits

In the absence of an increase to the federal minimum wage, there are other levers cities can pull that incentivize retail employers to increase hourly wages. Cities can leverage their soft power and model impactful wage increases for other local employers. In 1997, the City of Boston, MA, passed the Boston Jobs and Living Wage Ordinance, which served to create and retain livable wages in the city.⁸⁰ Through this ordinance, all employees working on city contracts of at least \$25,000 earn an hourly wage that is sufficient for a family of four to live at or above the federal poverty line, recalculated every year.



CITY SPOTLIGHT

Albuquerque, NM

City Alive, a six-year collective impact initiative from 2014 to 2020 comprised of more than 100 partners, created an entrepreneurial ecosystem on the core tenants of equity and economic justice.⁸³ Through shared goals development, Albuquerque created an economic development strategy that brings together government, philanthropy and the business, education and nonprofit sectors to help bridge the business ownership gap for people of color, women and other historically marginalized groups.⁸⁴ By the end of the program, City Alive created 10,000 jobs, reduced unemployment to pre-recession rates and raised the median wage above \$934 a week, more than three times what someone would earn working 40 hours a week at the federal minimum wage.⁸⁵

Beyond the pandemic, ordinances mandating hazard pay and sick pay fail to address a lack of adequate benefits. Large retail chains subject their employees to more variable part-time hours in lieu of the stability of full-time jobs with benefits and guaranteed hours.⁸⁶ More than 700,000 retail workers, or 7 percent of retail employees, are classified as “involuntary part-time workers,” meaning they wanted full-time employment but were part-time because their hours were cut back or they could not find a full-time position.⁸⁷ **For many employees, the difference between part-time and full-time employment is the difference between qualifying for health care, access to more paid time off, parental and sick leave and steadier work hours, or not.** With part-time work increasing, employees are not only at a wage disadvantage but also lack the benefits essential to physical and mental well-being.



PORTABLE BENEFITS: These benefits diverge from traditional workplace benefits because they are connected to an individual rather than a particular employer, meaning benefits can be taken from job to job without interruption in coverage or loss of funding.⁸⁸ For example, an employee working multiple part-time jobs will earn one hour of sick time for each set number of hours worked, regardless of which employer paid for those hours.

Portable benefits have emerged as a new model that ties benefits to the individual rather than can employer. They may ensure low-wage workers like those employed in the retail sector receive adequate support in addition to a fair wage.

In 2020, the City of Philadelphia, PA, passed the Fair Workweek Law requiring employers to provide service, retail and hospitality workers with a predictable work schedule. This ordinance applies to “covered employers” — those in the retail, hospitality or food services industries that employ more than 250 employees including full-time, part-time and temporary employees.⁸⁹ Through this ordinance, employers must:

- Post and provide a written 10-day notice of work schedules.
- Provide predictability pay for employer-initiated changes on working schedules.
- Allow employees to refuse to work additional work hours if changed after the posted schedule.
- Require employers to schedule adequate breaks between shifts.⁹⁰

Cities like San Francisco, CA, and Chicago, IL, have passed similar legislation mandating fairer workplace practices for those employed in the retail and services industries.⁹¹ The passage of fairer workplace legislation signals a turning point in workforce rights and reforms, highlighting the new types of supports that government must provide to a growing contingency of American workers living with inadequate access to benefits due to nontraditional work arrangements.

RECOMMENDATIONS:

WAGE AND WORKPLACE FAIRNESS



Workers have the right to meaningful employment at a living wage. Cities can play a critical role in making that a reality. As emerging technologies continue to drive digital disruption, traditional retail sector employment will come under increasing threat. By supporting living wages and increased benefits provision, cities can future-proof retail sector employment and ensure it is supportive of worker livelihood.

- **Consider introducing a minimum wage ordinance and instituting a living wage policy for city employees and city contractors.** As income inequality persists, instituting a meaningful wage rate that matches the cost of living in the region will benefit workers, businesses and the economy. Incorporating wage increases over time could ensure the wages of lower-wage retail occupations — whether cashiers, retail salespersons, or online order fulfillment and delivery positions — also increase, providing meaningful employment at a living wage. Ensure that legislation sets a moving wage rate at levels that match the cost of living in the region.
- **Consider launching a portable benefit system.** Portable benefits will mitigate the increasing volatility of the labor market and growing proportion of the workforce that engages in contingent work. By enacting laws that require some combination of paid leave, health insurance, workers’ compensation, and unemployment and retirement fund matching, cities will be pushing for evergreen policies to meet continued changes in the retail sector. Cities should consider who will administer the benefits, either through government or non-profit organizations.
- **Enact fair workweek laws to provide lower-wage workers more security.** One-third of those working in the retail sector receive less than one week notice on schedules.⁹² By mandating schedules be more predictable and that employers compensate workers for unpredictable changes, cities will reduce undue stresses borne by retail employees. Ensure that this regulation requires advance notice of work schedules, additional compensation for unexpected schedule changes, the right to accept or decline added or lengthened shifts, mandatory breaks between shifts and the right to request scheduling accommodations.



1/3
of those working in the retail sector receive **less than one week notice** on schedules.

Prioritizing workforce development

Workforce development programs will lessen the negative impacts of a transition into a more technology-driven retail economy.

The number of people supporting the retail sector is unlikely to change dramatically, but the type of roles these employees occupy will change significantly. Comparing U.S. Bureau of Labor Statistics employment projections for 2022 and 2029 reveals a large divide in projected short- and long-term job growth in the retail industry. Although nearly all retail occupations are set to experience modest job growth from 2020 to 2022, those numbers change dramatically when looking at projections into 2029. With the pandemic-fueled rise of self-checkout, contactless delivery and pickup stations meant to limit human contact, the most common retail jobs like cashier or retail salespersons will likely be supplanted to some extent by positions picking orders for customers, tending to micro-fulfillment centers and delivering orders to customers, highlighting long-term structural changes in retail occupations for which cities must account.⁹³ For example, cashiers are losing jobs due to increasing adoption of self-checkout and an increase in online shopping (Chart VIII).

Understanding who is employed in which occupation is helpful to understanding who is most at risk due to the changing nature of retail.

Below are some top-line trends in gender and racial/ethnic disparities across retail occupations.

Gender disparities

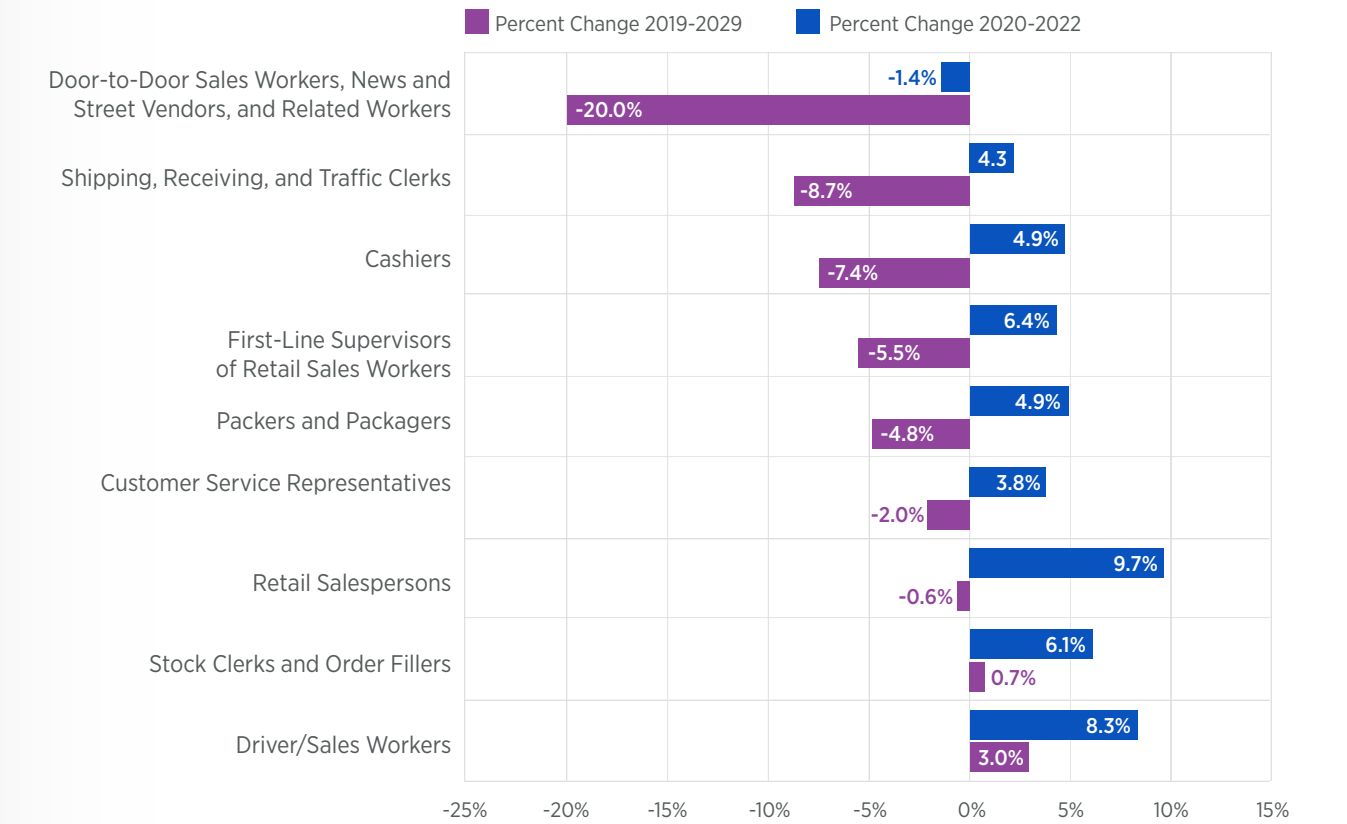
- Females, regardless of racial or ethnic background, make up a disproportionate share of cashiers (74 percent of the workforce) and receptionists and information clerks (90 percent of the workforce).
- Males, regardless of racial or ethnic background, make up a disproportionate share of those employed as driver/sales workers and truck drivers (92 percent of the workforce) and parts salesperson (86 percent of the workerforce).

Racial/ethnic disparities

- White people, whether male or female, are disproportionately employed as first-line supervisors of retail sales workers.
- Packers and packagers are disproportionately Black and Latinx, regardless of gender, making up 63 percent of the workforce despite representing just 32 percent of the overall population.

Chart VIII. The retail sector will experience significant job losses in the long term, except in warehousing and distribution-related occupations.

2022 and 2029 occupation projections



Notes: It should be noted that the 2019-2022 and 2019-2029 Bureau of Labor Statistics Projections do not include the impacts of the pandemic and accompanying response efforts. The BLS Employment Projections generally speaking are intended to capture structural change in the economy, not cyclical fluctuations. Therefore, cities should look to examine new employment projections in the next year as the BLS incorporates new information on economic structural change emerging from the pandemic.

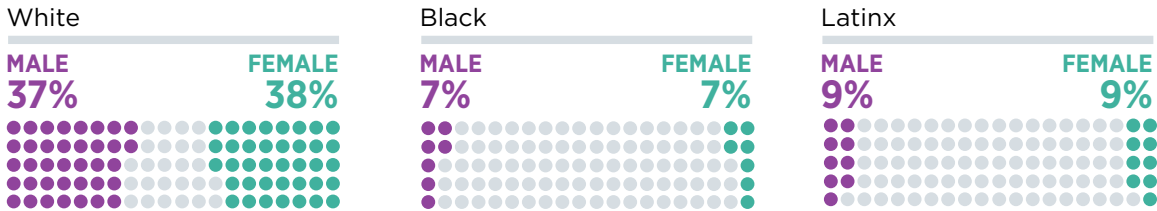
For the 2022 estimates, the District of Columbia, Illinois, Maine, Mississippi, New Jersey, West Virginia, are missing from the aggregate analysis but were included in the 2029 analysis.

Sources: (2029 Estimates): U.S. Bureau of Labor Statistics. (2020). *Occupational projections* [Data sets]. data.bls.gov/projections/occupationProj; (2022 Estimates): State Employment Projections. (2020). Short-term occupational projections (2020-2022) [Data set]. U.S. Department of Labor. projectionscentral.org/Projections/ShortTerm

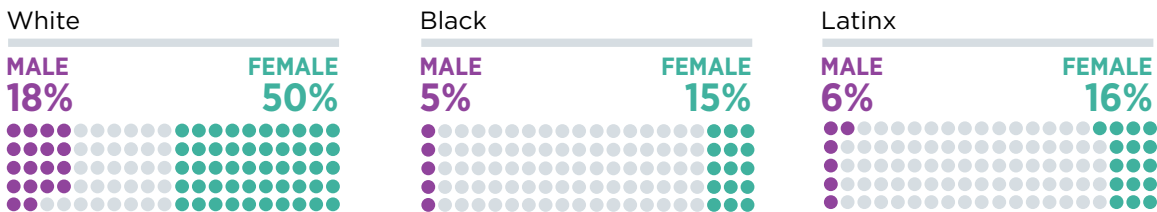
Chart IX. Disappearing retail jobs will affect women and people of color the most

Occupation by race/ethnicity and gender

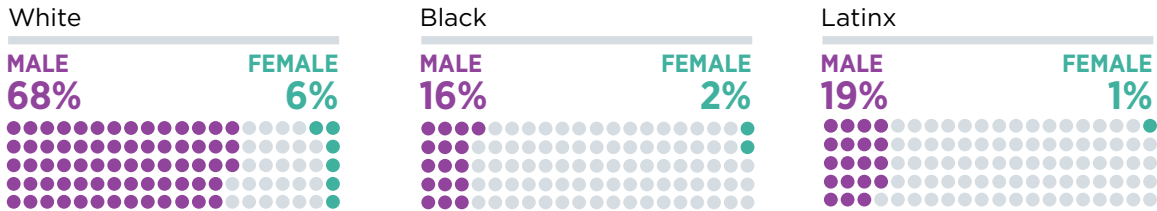
Total U.S. Population



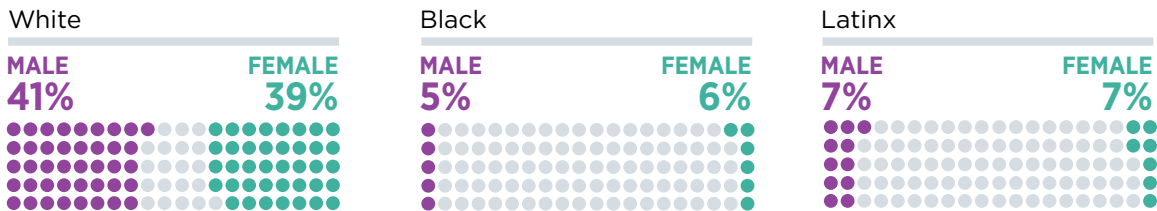
Cashiers



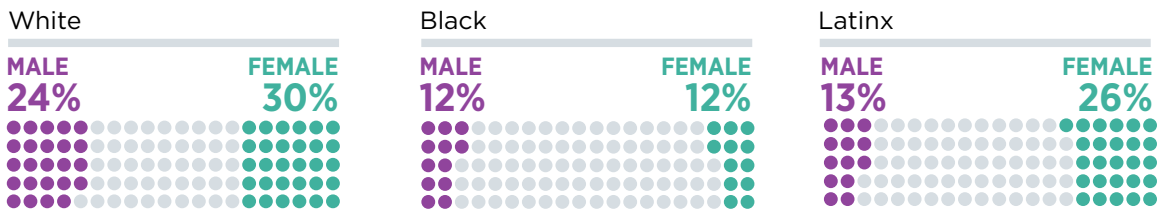
Driver/Sales Workers and Truck Drivers



First-Line Supervisors of Retail Sales Workers



Packers and Packagers



Source: U.S. Census Bureau. (2020). 2019 American community survey 1-year public use microdata samples [Data set]. data.census.gov/ndat/#/search?ds=ACSPUMS1Y2019

JOB SKILLS TRAINING FOR SOFT SKILLS WILL BECOME INCREASINGLY IMPORTANT AS AUTOMATION AND E-COMMERCE CONTINUE TO DISPLACE FRONT-LINE ROLES

It is important for cities to remain aware of who is disproportionately employed in certain occupations. It is even more important to be aware of who is disproportionately employed in occupations that will face the steepest decline in demand in the next decade. Cashiers, for example, make up a large portion of those employed in the retail sector — approximately 17 percent — and are projected to lose approximately seven percent of their workforce by 2029. This will have an outsized impact on women who are disproportionately employed as cashiers. Packers and packagers will experience an approximately 5 percent decline in labor demand by 2029. As an occupation that disproportionately employs Black and Latinx people, changes in labor demand will have an uneven impact on already vulnerable households.

Cities are faced with a two-fold task: incentivizing or providing job skills training for those in the retail sector to encourage career advancement — particularly for Black, Latinx and women workers— and providing quality employment opportunities for those that may be affected by the rise of e-commerce and other changes in the retail landscape.

Hard and soft skills training

Some people who enter the retail workforce will see it as a long-term career, showing interest in growing skills and moving up the ranks of the profession. Cities have a role to play in providing

professional development opportunities, particularly geared toward Black, Latinx and women workers who are disproportionately employed in entry-level and low-wage positions. Skills training programs can help lower-wage workers transition into higher-quality jobs, particularly if a city works with employers to increase the credibility of the program or provide incentives to hire participants of on-the-job-skills training programs. Although most job skills training programs traditionally focus on helping participants develop hard, technical skills, job skills training for soft skills will become increasingly important as automation and e-commerce continue to displace front-line roles like cashiering. **As part of soft skills training, cities should push for workforce development programs that teach entrepreneurship as a skill set, teaching students not just how to be an employee but how to run a business.** For those hoping to make a career shift out of retail, cities can provide skills adjacency programs to help lower-wage workers transition into higher-quality jobs in related industries, such as manufacturing or building.⁹⁴ The American Rescue Plan provides funding for workforce development. Cities should connect to their workforce investment board as the entity that decides how workforce dollars are spent to ensure alignment. Cities should keep in mind short and long-term occupation projections to better prepare their workforces.

In response to job loss due to the pandemic, the City of Birmingham, AL, launched Birmingham Service Corps, a program that employs formerly unemployed residents to meet immediate community needs related to COVID-19. In the long-term, the city has plans to expand the Corps as part of the workforce development ecosystem, coordinating with employers to ensure the training and work experience Corps members gain during their paid volunteer work is transferrable and applicable to future job opportunities.⁹⁵ In a similar vein, cities should anticipate their local patterns of employment disruption due to factors like automation and the rise of e-commerce, and develop strategies to support dislocated workers understanding that unemployment will likely persist — particularly for Black and Latinx populations — without additional support.⁹⁶

Aligning labor supply and demand

Cities can play a key role connecting residents seeking employment with local job opportunities, calling on relationships with the private sector. Cobb County, GA, launched a crowdsourcing tool to survey its business community about its labor needs.⁹⁷ Understanding that many job seekers do not necessarily turn to government websites to source job opportunities, the county partnered with the Cobb Chamber of Commerce and Cobb Travel and Tourism Board, leveraging social media, local print and TV news to spread the word about the tool for jobseekers to use. The county is currently working to increase trust

and transparency within the community to boost the website’s credibility as a reliable source of information.⁹⁸ Cities can launch similar services, leveraging existing relationships or establishing connections with their local workforce investment boards to track job hiring, align labor supply and demand and better meet localized needs.

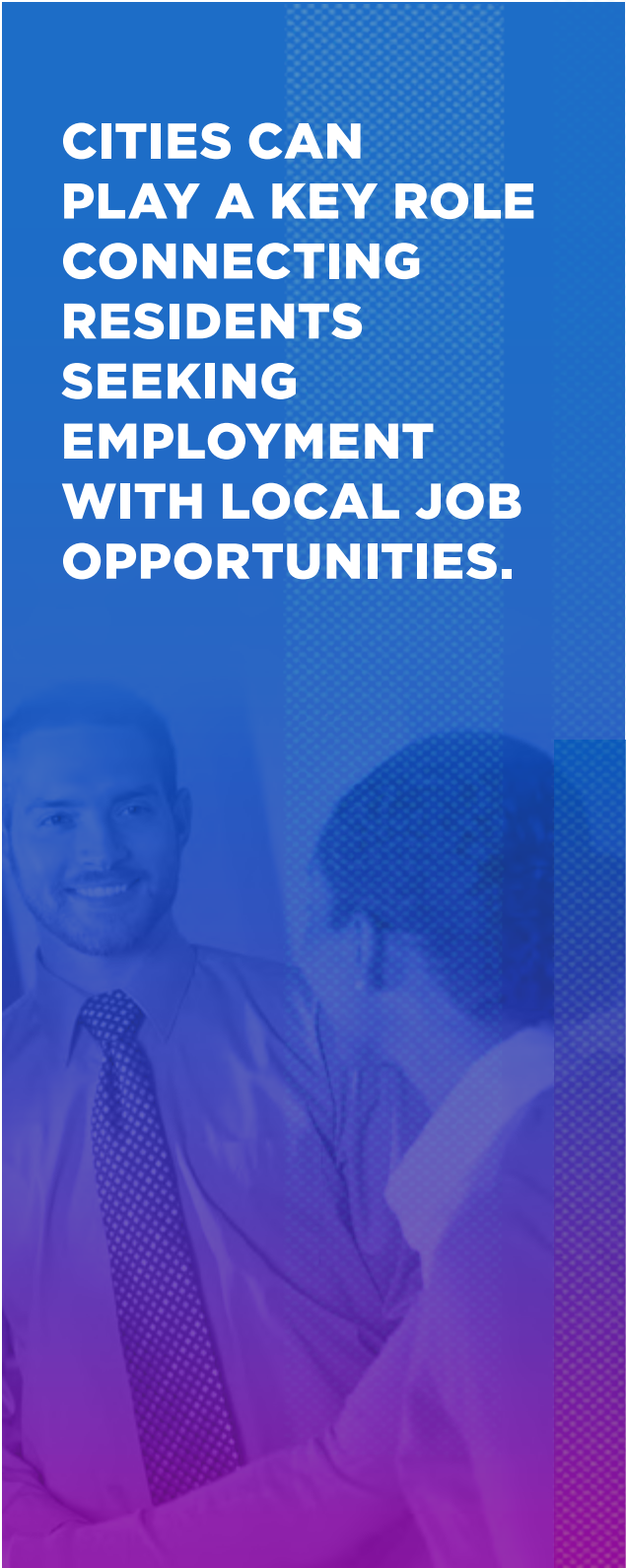
In the longer-term, cities should conduct a gap analysis to understand what types of jobs will be in high demand and train their workforces to meet that demand.



CITY SPOTLIGHT

Pittsburgh, PA
Through the Obama administration’s national Tech Hire Initiative, Partner 4 Work, the public workforce development board for Pittsburgh and Allegheny County, PA, established a local TechHire program to meet the region’s tech supply-demand mismatch.⁹⁹ The city, in partnership with the county and community-based organizations, has leveraged market analytics to align labor supply with predicted demand, developing better training programs and working with local anchor institutions to fill those education gaps. TechHire Pittsburgh provides the opportunity for disadvantaged job seekers to find stable employment in well-paying, in-demand jobs that do not require a four-year degree.¹⁰⁰

Apprenticeships also play a critical role in meeting future labor demands. The City of Philadelphia, PA, launched a new citywide workforce development strategy crafted in partnership with a 40-person stakeholder committee including the chamber of commerce, public school district, community colleges, workforce development board and employers over the course of 18 months. This strategy, Fueling Philadelphia’s Talent Engine, includes a recommendation to increase apprenticeships and other industry-driven work-based learning opportunities to close the skills gap and support career advancement to middle-skill jobs.¹⁰¹ For cities, direct engagement with community stakeholders — including local workforce development boards, anchor institutions and businesses — will prove key to anticipating labor demands and promoting equitable workforce development to meet those demands. The American Rescue Plan includes funding for apprenticeship programs aimed at increasing access for more women and people of color. One lesson learned from initial rounds of emergency aid is that successful small businesses funding often depends on a high-level of engagement and intervention of local governments. Cities should start planning now, particularly to ensure that funds are distributed equitably and effectively.



CITIES CAN
PLAY A KEY ROLE
CONNECTING
RESIDENTS
SEEKING
EMPLOYMENT
WITH LOCAL JOB
OPPORTUNITIES.

RECOMMENDATIONS:

WORKFORCE DEVELOPMENT

The pandemic has dramatically accelerated the shift to a digitally driven retail economy. Cities must be proactive in anticipating changes in labor demand and upskilling their workers accordingly, focusing particularly on the soft skills that are far less likely to be automated.



- **Expand traditional skills training programs to emphasize soft skills development and entrepreneurship training.** Provide job skills training — particularly soft skills and entrepreneurial training — for those in the retail sector to provide increased opportunities for upward mobility and small businesses ownership. As roles fulfilling online orders supplant traditional retail occupations, soft skills training will better support dislocated workers. Use occupation projections and, if possible, disaggregate occupations by race, ethnicity, gender and age to understand who is most impacted by changing labor demand, targeting training programs accordingly. Work with community-based organizations and existing workforce investment boards to build trust with, and more effectively market to, target community members.
- **Conduct a gaps analysis to anticipate short- and long-term labor demand.** Understand anticipated labor demand, targeting skill development to those in the workforce most likely to be affected. Prioritize working with anchor institutions to launch apprenticeships and on-the-job training programs that can help match labor supply and demand more effectively. As degree requirements continue to stunt job mobility, consider apprenticeships as a way for people to develop their careers and transition to higher paying jobs. Cities that have not done so should connect with their workforce investment boards, as they are required to produce workforce analyses and identify growth areas annually.
- **Serve as an information hub for those seeking employment to help align labor supply and demand.** Cities can actively facilitate employment opportunities in their communities. Working closely with local businesses and business organizations, cities can maintain a live record of jobs that go on the market. By establishing trust with the community and building the digital infrastructure to support automated information collecting, cities can serve as information hubs for those seeking employment. Partnering with community-based institutions to increase credibility and awareness of job opportunities is key.
- **Establish a relationship with the local workforce investment board.** Local workforce investment boards have mandates to research needs of their regional economies and launch workforce development programs to meet localized needs. Aligning a city's economic development department with local workforce investment boards will help cities create more resources to support dislocated and incumbent workers.

Promoting a diverse local business economy

Promoting a diverse local business economy will prove key to weathering continued changes in the retail sector and will support a more equitable and resilient economy.

Small businesses are the engine driving the American economy, creating two out of three new jobs and employing nearly half the country's private workforce.¹⁰² Although estimates vary, it is clear that money spent locally generates more in secondary spending compared with money spent at big box chains. A study on the multiplier effect in several Maine communities found that every \$100 spent at local businesses generated \$45 of secondary local spending, compared with just \$14 generated by spending at big box stores.¹⁰³ When dollars are spent locally, they are more likely to be respent locally, contributing more to the city's overall economic activity, building a stronger local tax base and supporting wealth building for small business owners. A study conducted in Portland, ME, found that if residents of the region shifted 10 percent of their spending from chains to locally owned businesses, it would generate \$127 million in additional local economic activity and 874 new jobs.¹⁰⁴ This additional money generated is money that can go to funding local parks and libraries, critical infrastructure that

contributes to quality of life or even supporting expanded workforce development programs.

In some cities, the pandemic has accelerated the threat presented by big box stores to independent retailers as businesses have had to adjust to increased demand for curbside pickup and enhanced cleaning protocols, constricting already slim profit margins. However, the impact on changing consumer preferences has not been equal. Many major retailers — department stores in particular — have filed for bankruptcy during the pandemic. Small businesses have been able to pivot more quickly to fill current needs, such as adjusting operations to address personal protective equipment shortages.¹⁰⁵ Meanwhile, as Americans shop for more for essential goods and take fewer trips to the store, small retailers have struggled to compete due to their more limited selection of products and fewer price discounts.¹⁰⁶ **For cities to bounce back from a pandemic-fueled recession and create more resilient business development and job growth, a diverse local retail economy will prove crucial.**

A study of Maine communities found:



12% 

of Black and Latinx business owners reported receiving **full federal aid** from PPP loans.

Inclusive entrepreneurship

Access to capital remains one of the largest barriers that entrepreneurs face. Small businesses, particularly those owned by women and people of color, have difficulty participating in the assistance offered by the federal government. For instance, the Paycheck Protection Program (PPP), a loan program designed to provide a direct incentive for small businesses to keep their workers on payroll during the pandemic, was predicated on having existing banking relationships. Only 12 percent of Black and Latinx business owners reported receiving full federal aid, and 41 percent received no aid at all after applying.¹⁰⁷ Disproportionate access to PPP loans is just one symptom of the systemic barriers to capital that minority-owned businesses continue to face. The American Rescue Plan includes funding for community navigators, competitive pilot programs for municipalities and nonprofits looking to launch programs to help historically excluded entrepreneurs get access to Small Business Administration loans, and other government and private capital.¹⁰⁸

In addition to supplying the capital necessary to support women and entrepreneurs of color, cities should build or partner with entrepreneurship support organizations to connect small businesses with bookkeepers, accounting firms, legal professionals and other technical assistance to help sustain and scale new businesses. With the rise of e-commerce, cities should consider providing training programs to help businesses get

41% 

of Black and Latinx business owners received **no aid** at all after applying for PPP loans.

online. Without proper training in place, disparities in business success and ownership may persist as the digital divide continues to predominantly disadvantage people of color. The City of Detroit, MI, launched a program for small businesses in April 2020, working with 100 businesses on web development training, teaching participants how to establish and manage a social media presence, and hosting businesses’ websites for free for three months upon completion of the program.¹⁰⁹ In the longer-term, the city hopes to expand access to the internet for more of its marginalized residents to make sure programs like Digital Detroit extend beyond businesses and business owners who have existing internet connection.¹¹⁰

**CITY SPOTLIGHT**

Boston, MA

The City launched a Certified Business Fund for small businesses impacted by COVID-19 exclusively for certified minority- or women-owned businesses in Boston.¹¹¹ The city is also focusing on language access, providing information in multiple languages. Providing culturally competent information is key to communicating with immigrant-owned businesses, particularly in neighborhood commercial districts.





City of Rochester, NY: Prioritizing Community Wealth Building and Workforce Development

History of Rochester

The City of Rochester, NY, like other legacy cities, was struggling to recover economically from the lasting impacts of deindustrialization. The city's economy was previously dominated by a few big companies, including Kodak, Bausch & Lomb and Xerox. As those companies began to downsize, Rochester was left trying to realign its economic development policy. The city pivoted its strategy and instead of focusing on attracting large company headquarters focused on bolstering its existing asset: the community. Rochester is now a thriving city full of entrepreneurs and successful small companies. As Mayor Lovely Warren said, "We're no longer a company town — we're a town of companies," highlighting the bottom-up approach the city has taken to economic development.¹¹² Under Mayor Warren's leadership, Rochester has introduced several initiatives geared toward supporting small business owners in underserved and underrepresented communities. To overcome the city's economic decline, the city now focuses on increasing wealth within its communities, particularly by supporting entrepreneurs and businesses owned locally by people of color.

Kiva loan program

Through a partnership with Kiva, a crowdfunded microlender, the city is helping to provide no fee, zero-interest loans to small businesses.¹¹³ These loans provide support for renovations, equipment purchases or businesses moving into storefronts.¹¹⁴ Since the program's inception in 2016, Kiva Rochester has funded 127 loans amounting to more than \$700,000 with an average loan size of \$5,600.¹¹⁵ Retail entrepreneurs have actively participated in this program with approximately 40 percent of these loans going to the retail sector.¹¹⁶ According to the program, 70 percent of the borrowers are people of color, and half are women with a median income of \$35,000 and an average credit score of less than 600.¹¹⁷ Establishing a reputation and readily accessible touch points with the small business community proved critical once COVID-19 hit, providing a way for small businesses who may otherwise have been ineligible to access federal grant dollars to get access to capital during this unprecedented time.

Coming out of the pandemic, the Kiva Rochester team is thoughtfully considering how to integrate a blend of virtual and in-person webinars and meetings to best provide its services and support entrepreneurs. Kiva

City of Rochester, NY



\$700,000

Kiva Rochester has funded 127 **loans** amounting to more than \$700,000.

Rochester is hoping to scale up its operations and expand its network of connections to borrowers with increased technical assistance programs and mentoring, all while increasing access to financial, legal and administrative support organizations for Rochester residents who are most in need. Kiva is looking to cultivate deeper relationships between new program participants and alumni. Kiva Rochester is also rethinking how to help more businesses get online, understanding that the digital divide is a major barrier keeping small businesses from accessing services and supports like the Kiva loan program.

Through this office, the city develops and launches programs that focus on minority small business investment, start up and growth needs to dismantle barriers to accessing credit and increase financial inclusion and stability. In addition, the city increased its minority- and women-owned business enterprise (MWBE) contracts by 300 percent to \$27 million since 2018.¹¹⁹ As part of Mayor Warren's 2021 State of the City, Rochester plans to increase its public works MWBE procurement goals even further.¹²⁰

Community wealthy building

The work the city is doing with Kiva is part of a much larger ecosystem of work around community wealth building. In 2018, Mayor Warren created the city's Office of Community Wealth Building (OCWB). Led by Director Dr. Lomax Campbell, the OCWB's mission is to facilitate cross-sector collaborations to advance community wealth building initiatives and economic equality throughout Rochester. This office has four main directives:¹¹⁸

- Facilitate the development and coordination of viable entrepreneurial and small business ecosystems.
- Increase financial inclusion and access to credit.
- Foster business, employment and worker development.
- Facilitate asset buildings, savings and investments.

Looking ahead

A growing number of cities are focused intentionally on community wealth building, establishing offices of Community Wealth Building or Financial Empowerment to foster inclusive economic strategies. Rochester highlights how powerful a centralized office can be in furthering inclusive economic growth through improved procurement processes, apprenticeship programs for historically marginalized people and assistance with personal financial planning and workforce development.¹²¹ Rochester's example makes clear that cities should be thinking holistically about their inclusive economic development strategies, taking multi-pronged approaches that align key stakeholders and community-based organizations, specifically serving historically underserved populations.

Helping businesses scale

As the retail sector will increasingly have to cater to an online audience, having flexible spaces for entrepreneurs to use to test their products will be key to supporting business development. Many cities have established maker spaces and innovation hubs to support this. The City of Emporia, KS, has focused on offering incubation spaces for aspiring entrepreneurs as part of their economic development strategy.¹²² The city has taken a Main Street approach to local economic development programs for 30 years, offering not just incubation spaces but also a zero-interest loan program, tax credits and other financial tools to support startups and business expansion as well as efforts to increase market-rate housing downtown.¹²³ Through their goals to drive locally owned, locally driven prosperity, the city has driven \$120,000,000 in investment in downtown Emporia since 1991.¹²⁴

As businesses mature, cities should increase entrepreneurs’ access to commercial real estate to encourage businesses to scale operations. Cities can adapt the model employed by community land trusts — nonprofit corporations that own property and hold it in perpetuity for the benefit of their communities, usually to preserve affordable housing — to similarly preserve affordable and accessible commercial space for specific kinds of businesses or entrepreneurs.¹²⁵ For example, the Anchorage Community Land Trust bought and developed

nine commercial properties between 2003 and 2012, moving in 24 commercial tenants.¹²⁶ Through these commercial community land trusts, the nonprofit was able to turn a vacant gas station into a credit union and retrofitted an empty furniture warehouse into office space for nonprofits.¹²⁷ By providing low-cost commercial rental spaces through community land trusts, cities can ensure commercial spaces are more accessible to minority- and women-owned businesses and better match the demand of community members

Cincinnati, OH



CITY SPOTLIGHT

Mortar, a non-profit operating out of Cincinnati, OH, aims to create diverse communities by enabling historically marginalized entrepreneurs’ access to the resources they need to start and run successful businesses.¹²⁸ The program provides 15-weeks of culturally relevant training and helps entrepreneurs secure store fronts and legal services, not only supporting the development of business ideas but also enabling them to scale. Mortar is funded through several private partners, including funding from Hamilton County’s Community Development Block Grant program.¹²⁹

RECOMMENDATIONS:

SUPPORTING A STRONG LOCAL BUSINESS ECONOMY



By diversifying a local business economy, cities will set themselves and their residents up to better weather continued changes in the retail sector as well as shocks to the economy. The pandemic has accelerated the agglomeration of goods and services to big box stores, leaving small businesses and their employees struggling to meet changing consumer preferences, the rise of e-commerce and the impacts of automation. By fostering independent retail growth, cities will create stronger and more equitable economic engines.

- **Focus on quick economic development prospects like assisting existing businesses in their growth.** Large-scale business recruitment can take time and a significant investment without any guarantee of return. Existing businesses already have a stake in the community, so conversations can jump directly to opportunities and needs. Growing a smaller retail business from two employees to five employees will likely increase sales and accompanying sales tax revenue in the short term. This is particularly needed as cities recover from COVID-19 revenue losses and budget for their cities’ futures.
- **Provide no- or low-interest loans to early-stage entrepreneurs in low-income and historically marginalized areas of the city.** Access to capital is one of the largest barriers facing entrepreneurs, felt most acutely by lower-income individuals, people of color, immigrants and women entrepreneurs. Coordinate with community-based organizations to understand the barriers the city’s underserved face and work to alleviate those barriers. Partner with community institutions to increase awareness and credibility of the loan program.
- **Map existing assets in the city’s entrepreneurship ecosystem and work to address identified gaps.** Cities should map existing assets and plug themselves in where there are identified gaps either by providing additional funding or extra capacity. Cities should pay specific attention to providing support throughout a business’s life cycle and setting benchmarks for support of businesses owned by immigrants, people of color, women and veterans.
- **Support the development of maker spaces and innovation hubs.** Ensure these spaces are accessible to budding entrepreneurs and connect them with support programs. Having a common space will help solidify relationships between businesses owners. The businesses recovering from COVID-19 revenue losses are those that have a support system and network of other businesses they can learn from and assist during this difficult time.
- **Purchase properties to operate as a commercial community land trust.** Access to commercial real estate is another barrier that small businesses face when scaling, felt most acutely by lower-income individuals, people of color, immigrant- and women-owned businesses. Consider commercial community land trusts as an equitable economic development tool to futureproof neighborhoods and businesses against the impacts of gentrification, spur revitalization and encourage community wealth building. Cities may be able to leverage Local Fiscal Recovery Funds to support the creation of community land trusts.



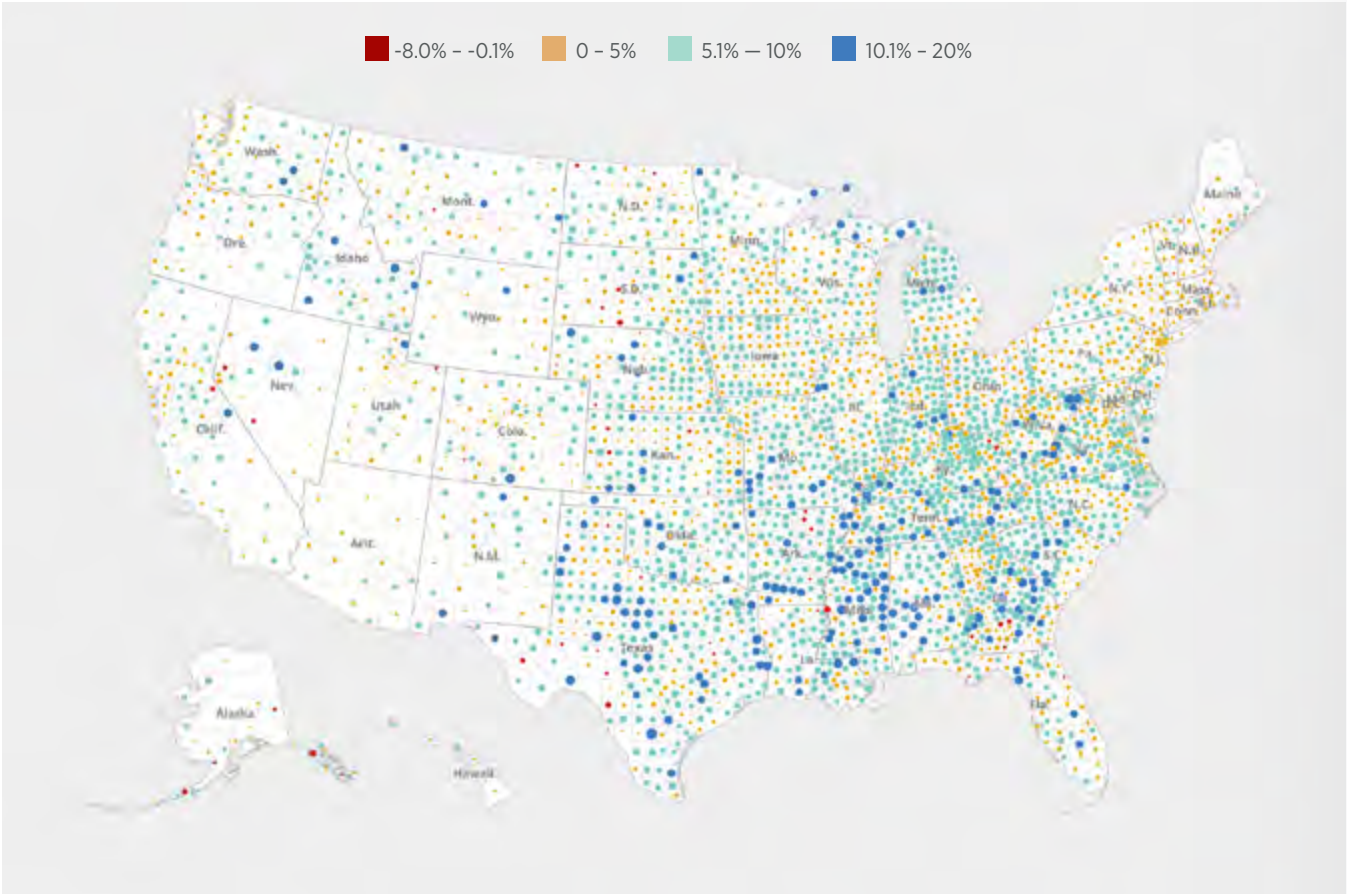
EMERGING TECHNOLOGY

CITY LEADERS WILL LOOK TO EMERGING AND CURRENT TECHNOLOGIES AND THE VAST AMOUNTS OF DATA THEY CAN BRING TO THE DECISION-MAKING PROCESS TO SOLVE PERSISTENT PROBLEMS.

Increasingly, the city of the future will be powered by technology. City leaders will look to emerging and current technologies and the vast amounts of data they can bring to the decision-making process to solve persistent problems. The next few years will provide those retailers who are newer users of technology to catch up with their more tech-savvy peers while those businesses already leveraging the newest technologies will experiment with new devices, software and analytics tools. None of this will be possible without widespread digital access. COVID-19 further emphasized that broadband is a necessity for all. Cities must work to increase access to the internet for all sectors and areas of their communities to ensure residents and businesses alike are able to fully participate in the city of the future.

Chart X. Access to broadband has not significantly improved.

Change in broadband access 2017-2019



Note: Data is only available starting 2013 hence why 2017 and 2019 5-year estimates were used, and therefore there is some overlap in data collected. Ideally 2014 and 2019 5-year estimates would be used to capture change from one period to the other.

Sources: U.S. Census Bureau. (2018). 2013-2017 America community survey 5-year estimates. data.census.gov/cedsci/table?q=broadband&tid=ACST5Y2017.S2801; U.S. Census Bureau. (2018). 2015-2019 America community survey 5-year estimates. data.census.gov/cedsci/table?q=broadband&tid=ACST5Y2019.S2801

Accelerating solutions for digital access

Addressing the digital divide requires city government leadership.

With city halls closed to in-person services, COVID-19 pushed cities to more quickly address gaps in digital access within their organizations. Laptops were requested, virtual private network access acquired and video conference licenses purchased to support some city staff members moving to remote work. City services went online too. Customers no longer had to make the trek into city hall to complete certain transactions. It is not enough for cities to address digital access issues in their own organizations or with their own business processes. They must be leaders in lessening the digital divide in their communities.

Access to the internet, connected devices, and digital literacy remains unequal in the U.S. The Federal Communications Commission (FCC) states that the number of Americans living in areas without broadband internet speeds of at least 25/3 Mbps dropped from 21.3 million in 2017 to 18.1 million in 2018 to fewer than 14.5 million in 2019.¹³⁰ However, a BroadbandNow analysis shows that the FCC 2017 report significantly underestimated

the number of Americans without access to wired or fixed wireless broadband. In actuality, it is likely 42 million Americans did not have access to broadband in 2017.¹³¹

Disparities emerge when examining differences in broadband adoption through social, economic and geographic contexts. Lack of access to broadband is both an urban and a rural problem. The majority of digitally disconnected households are in urban areas.¹³² In terms of overall adoption of broadband, rural areas lag urban areas: The rural adoption rate is 81 percent compared with an urban adoption rate of 86 percent. Low-income residents and residents of color are still least likely to have reliable access to high-quality, in-home connections and enabling technologies. Compared to the national average of 86 percent, Black households have a lower adoption rate (82 percent).¹³³ **Relatedly, differences vary dramatically across income groups, with households earning less than \$20,000 having a broadband adoption rate of 62 percent. Households earning more than \$75,000 have an adoption rate of 81.8 percent.**¹³⁴

42 Million

Americans **did not have access to broadband** in 2017.

Digital equity

A Broadband, Local Economies & the Age of COVID survey found there is growing support for broadband access with 52 percent of respondents agreeing that broadband can influence low-income workers and 62 percent believing it can influence unemployed workers to become entrepreneurs before and after the pandemic ends. Sixty-nine percent of survey participants would push for “increased local control of broadband networks and policy.”¹³⁵ Cities are responding to this call to action, expediting their plans to increase digital equity. In a survey of chief technology officers, chief information officers, chief innovation officers and digital inclusion leads:

- **9 of 12 respondents** indicated their cities partnered to expand low-cost and free internet services because of COVID-19.
- **11 of 12 respondents** said their city provided expanded access to connected devices (smartphones, computers, tablets) in response to COVID-19.
- **9 of 10 respondents** said that they worked to increase digital literacy training for their residents since COVID-19.¹³⁶

Cities need to actively participate in increasing

digital access to ensure it happens equitably and immediately in their communities. This could mean expanding broadband infrastructure, providing affordable and free connections and access to devices or even teaching digital literacy.

As cities begin to put their digital equity plans into practice, increased access to the internet will inevitably benefit the surrounding retail environments. With more equitable access to the internet, workers can search out job for which they are qualified and apply online, customers can find and purchase products that interest them and businesses owners can renew their business licenses with the city or complete a remote code enforcement inspection.



CITY SPOTLIGHT

West Des Moines, IA

The city plans to extend a conduit network to every home in the West Des Moines area as part of its WDM 2036 plan.¹³⁷ In July 2020, West Des Moines announced a licensing agreement with Google Fiber, but the conduit network is also open to other providers.¹³⁸ Digital equity is at the forefront of this work. The city has a specific goal to increase the number of online businesses in certain zip codes to empower and improve quality of life for its citizens while further supporting its retail sector.¹³⁹

RECOMMENDATIONS:

DIGITAL EQUITY



Access to the internet is necessary to fully participate in today’s society. Cities have a responsibility to ensure equitable digital access within their communities. There are many ways of making this happen depending on the level of state preemption of city-provided broadband services, the relationship with internet service providers or other community partners, current broadband infrastructure and investments and the political will in the community.

- **Prioritize increasing digital access and equity.** Without fixed and mobile broadband access, retailers, their workers and their customers will not benefit from technological advances. Many cities have created digital inclusion plans to chart their paths forward and make broadband more affordable in their communities. Others have established an office of digital equity to more pointedly focus on addressing this issue in their communities.
- **Start planning for wider-spread broadband deployment now.** The American Rescue Plan establishes a \$71 billion Emergency Connectivity Fund to help schools and libraries support remote learning. Additionally, cities will be able to use Local Fiscal Recovery Funds to expand broadband access to further increase connectivity and access. Even cities in states with some level of preemption around municipal broadband have options to increase access. Having a plan in place to benefit from this funding is key and requires relationships with community partners.
- **Complete or update an accurate mapping of the digital divide across the community.** A city cannot make strides in closing the digital divide unless it knows the extent of its problem. National data on broadband availability, compiled using the FCC’s Form 477 data, is notoriously inadequate. Form 477 inaccurately reflects access to affordable, high-quality internet service because it relies on internet service providers’ self-reporting and takes into account only advertised speeds rather than actual speeds. In addition, for fixed broadband service, the FCC considers an entire Census block served even if just one home within that block has internet access. For mobile broadband service, the FCC does not require providers to submit standardized coverage maps so mobile broadband data cannot be compared across providers. A community-level map of the digital divide will help direct efforts to the areas of most need.

Embracing technology and data

Technology and data are at the forefront in the city of the future.

The technological advances of recent years show no signs of slowing. Cities will continue to serve as the testing grounds for emerging technologies. City leaders will have to craft policy to regulate technologies that are not fully developed. Some of the most persistent problems cities face require technology and data to address. To prepare for the future, cities must get more comfortable with emerging technologies and shape their own visions for how they can benefit all members of the community and solve real-world problems rather than letting technology companies drive the conversation.

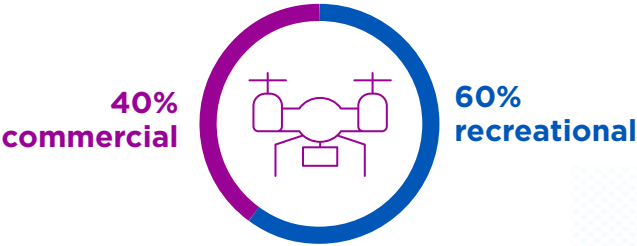
Emerging technology

The city of the future will be more automated and focus on self-service. Emerging technologies will be more visible in daily life with customer needs driving their deployment in the retail sector. Personal delivery devices (PDD) will navigate around people on sidewalks to deliver online orders directly to the home. Drones will operate in lower air space to deliver supplies, especially in suburban and rural areas. Customers will go to self-checkout kiosks to complete transactions instead of waiting in line. Stores may not have cash registers or cashiers anymore, as artificial intelligence systems and sensors track customer choices around the store and charge them for purchased items as they leave.

These emerging technologies are already in place in cities across the country. Since 2017, 14 states have enabled PDD operations.¹⁴⁰ The State of Virginia was the first to pass PDD legislation. During the COVID-19 shutdown, the City of Fairfax, VA, and Starship Technologies partnered to launch a fleet of 20 PDD to delivery groceries and food around the downtown.¹⁴¹ Starship Technologies has now completed more than 1 million deliveries while other players are entering the market.¹⁴² As of March 2021, more than 850,000 drones are registered with the FAA, with approximately 40 percent of registrations categorized as commercial drones and approximately 60 percent as recreational.¹⁴³ The Town of Christiansburg, VA, began a pilot with Wing, a delivery drone and navigation system company, to deliver supplies to homes in October 2019.¹⁴⁴ The program was renewed indefinitely in October 2020 and greatly increased the types of supplies delivered to residents.¹⁴⁵ In January 2021, the City of Minneapolis, MN, in partnership with Flowbird, a parking payment and ticketing company, began transitioning to touchscreen and contactless payment kiosks for transportation and parking services. These 700 solar-powered terminals will give customers the option to use more payment methods and connect wirelessly, allowing the city to analyze mobility data and streamline operations.¹⁴⁶ As customers get more comfortable, emerging

850,000

drones are registered with the FAA



technologies such as PDD, drones and self-service kiosks will play an even bigger role in retail sector operations. They will continue to enable COVID-19 safe interactions and give the retail sector additional ways to engage with customers and make sales. If cities are slow to act, they will miss out on the opportunity to shape the implementation of these emerging technologies before they are deployed.

Data sharing

Cities can play an important role in supporting the retail environment during this acceleration of technology adoption. Many of these emerging technologies could benefit retail operations and provide actionable insights for business owners if implemented thoughtfully. For example, the mix of online and in-store operations means easy access to storefronts will continue to prove vital. Cities adopting parking space sensors and digital signage conveying parking availability to retail customers provide a benefit to surrounding business owners. As cities consider new traffic management technologies, counts of pedestrians or vehicles that pass a storefront each hour might help business owners better understand customer flow and adjust store hours to reflect that knowledge. Much of this new data comes from publicly funded projects. Cities can amplify the benefit of these investments through increased data sharing with businesses that could make use of this operational insight.

IF CITIES ARE SLOW TO ACT, THEY WILL MISS OUT ON THE OPPORTUNITY TO SHAPE THE IMPLEMENTATION OF THESE EMERGING TECHNOLOGIES BEFORE THEY ARE DEPLOYED.



City of Charlotte, NC: Harnessing Emerging Technology for Good

History of Charlotte

At the beginning of 2020, the City of Charlotte, NC, felt ready for the future. Charlotte was undertaking the first comprehensive planning effort in 40 years.¹⁴⁷ City leaders envisioned a transformational mobility network with \$12 billion in infrastructure improvements in the region. The city had identified corridors of opportunity — historically under-invested areas of the city — and was directing resources and programs to support residents in those areas. The economic indicators were pointing in the right direction. Revenues were strong. Then COVID-19 hit. With the support of the community behind them, city leaders kept pushing forward with their plans while also pivoting to support the new needs of residents and the business community brought on by the pandemic.

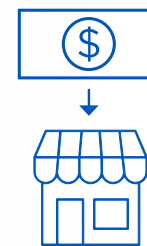
Embracing Emerging Technology

Charlotte has a history of embracing emerging technologies and making them work for the community. According to City Manager Marcus Jones, “We don’t call them pilot programs. We call them experiments. There are a lot of things

that are happening here that are disruptors. The question is how do you harness that for something beneficial in your community?”¹⁴⁸ Since 2018, the city has thoughtfully experimented with electric scooters to ensure they were well-used by the community while not overly disruptive to daily life. Charlotte has:

- Updated the city code with guidelines to which e-scooter companies must adhere to operate in the city, detailing the permitting process for time-limited pilots and necessary components for safe e-scooter operations.¹⁴⁹
- Tested out dynamic pricing instead of annual fees per e-scooter to incentivize safety and good behavior, putting the responsibility on e-scooter companies to ensure adherence to the standards.
- Prioritized equitable distribution of e-scooters across the community by charging fees if e-scooters are parked for a long time without a trip and encouraging the parking of e-scooters close to other modes of transit to serve as first- and last-mile connectors.

City of Charlotte, NC



\$30,000,000

Charlotte allocated \$30 million to **support the small business community**, reaching more than 3,000 small businesses.

- Enabled growth in the e-scooter market but only if e-scooter companies can show they have more than three trips per e-scooter per day.
- Required continual public engagement on the project as a whole, including education on how to safely use the e-scooters.

Pivoting in response to the pandemic

As of March 2021, e-scooters have provided more than 2,676,375 rides for a total of 2,862,193 miles in the city.¹⁵⁰ E-scooters have boosted access to rail stations and bus stops, increasing transit ridership. In some parts of the city, e-scooters have lessened parking constraints. The city sees its experience with e-scooters as a good model for embracing and adapting emerging technology to serve its residents, drawing on these skills to support its community during the COVID-19 pandemic.

After surveying the business community during the pandemic, two areas of immediate need surfaced:

- Funding to continually adapt business models in response to COVID-19 operational requirements.
- Access to and support using digital services.

Of the \$154.4 million in CARES Act Funding it received, Charlotte allocated \$30 million to support the small business community, reaching more than 3,000 small businesses with \$10,000 to \$15,000 grants.¹⁵¹ Many of these

grant programs focused on doing business in innovative and creative ways. Business owners have repurposed cargo containers to serve food in a contactless manner, shifted to grab-and-go fare, and even developed apps for new methods of delivery with this funding. In June 2020, the city launched the Open for Business platform to help small business owners accelerate their recovery.¹⁵² It includes a small business directory for businesses to share information with the public, providing insight into new sources of capital and workforce development opportunities by enabling businesses to tell their stories of making it through this trying time. Additionally, Charlotte incorporated business support capabilities into the city’s CLT+ mobile app.¹⁵³ With city hall still shut down, business owners can use CLT+ to register their business, access digital navigator support to help improve digital literacy and even share information about a needed sidewalk or pothole repair by their storefront.

Looking ahead

Like the city’s process for experimenting with e-scooters, its retail business support in response to COVID-19 is constantly evolving, adding new programs and features to meet evolving needs. Because Charlotte has created a culture of innovation and a desire to embrace and harness emerging technology, the city is on its way to recovering from the effects of COVID-19 while continuing to prepare for the future.

CITIES HAVE A RESPONSIBILITY TO THEIR COMMUNITIES TO THOUGHTFULLY EXPLORE EMERGING TECHNOLOGIES THAT CAN CONTRIBUTE TO THE GREATER GOOD.

Policy and guidance

Whether a city is leading the emerging technology conversation or simply enabling private sector actors like retailers to make use of it, cities must provide clear guidance on how emerging technologies in the public space should operate. Cities have a responsibility to their communities to thoughtfully explore emerging technologies that can contribute to the greater good. Having policies in place makes it easier for business owners to determine what makes sense for them to invest in when it comes to emerging technologies. A business may be interested in partnering with technology companies to have drones or PDD deliver goods or to make use of facial recognition to automate shopping in stores. However, without a public conversation and formal policies in place, these emerging technologies may not benefit the wider community or could even work in opposition to existing regulations.

If technology is not bettering the wider community, cities need to actively address these concerns. Often technologies show up without proper vetting or policy guardrails that enable equitable operations. For example, while many restaurants were closed to indoor dining during the COVID-19 shutdown, residents turned to

food delivery apps to meet their needs. These deliveries frequently include a high commission fee for restaurants — sometimes as exorbitant as 30 percent of the bill — and a delivery surcharge or other additional fees on diners.¹⁵⁴ Some cities have been proactive in pushing back against these fees to support the food sector and ensure access to food. In December 2020, the City of Cleveland, OH, temporarily capped third-party delivery fees at 15 percent of the order.¹⁵⁵ City leaders must do what is right for their communities, even if it means pushing back against emerging technologies.



CITY SPOTLIGHT

Beachwood, OH

The city got creative in addressing third-party delivery fees, piloting a fee-free delivery service run by the city for 9 of its 16 local restaurants.¹⁵⁶ The city made 1,606 deliveries worth \$75,861 in restaurant orders. This saved restaurants at least \$22,770 in delivery and service fees over other third-party delivery apps while also saving participating residents in menu upcharges, delivery and service fees, and higher order taxes.¹⁵⁷

RECOMMENDATIONS:



TECHNOLOGY AND DATA

Increased access to information can be a good thing for governments and the retail sector alike. However, there needs to be a thoughtful public process to determine what emerging technologies are right for communities and how they should be used. City leaders must take the lead in determining the right level of emerging technology implementation in their communities to find the balance between a variety of factors, such as efficiency, privacy, insight and surveillance.

- **Be open to enabling the testing of emerging technologies as long as it serves a purpose in the community.** Technology for the sake of technology will not benefit residents nor will it solve their problems. Require time-limited permits.¹⁵⁸ This creates an opportunity for reflection on the value of these solutions to the wider community. Be willing to consider mutual, multiparty non-disclosure agreements to encourage beneficial experimentation, but carefully consider all contract language to ensure the city is not accepting too much risk.
- **Consider how city technology and data efforts can also benefit others, such as the retail sector.** Many cities are investing in smart city programs that greatly increase the amount of data cities receive from their communities. Cities have opportunities to make better use of that information and provide actionable insights to support their retail sectors.
- **Set clear policies on if and how emerging technologies could be used in the community.** Be transparent about current emerging technology use and the plan for its use in the future. This should be a public process that includes a diverse group of non-governmental organizations and stakeholders. Too often emerging technologies show up in cities without much public input. City leaders must take the lead in defining the purpose and problem that technologies can address in their communities, setting proper guidelines for appropriate use that do not leave their cities or residents as test subjects.
- **Be proactive when an emerging technology is not working for your community.** Cities frequently have the power to stop or limit actions that are harmful or not beneficial. Use that ability to advocate for or require change. Consider things like time-limited permits and specific contract language that enables the pause of a program to ensure the community is not being overburdened or negatively impacted by emerging technology use.

CONCLUSION

COVID-19 expedited many of the trends well underway prior to the pandemic, from changing consumer preferences to the growth of e-commerce. Just as the retail industry faced disruption following the Great Recession, COVID-19 represents another major disruptor, accelerating the adoption of curbside pickup and solidifying demand for experience-based retail and discount stores. Although significant changes are coming, retail has always been, and will remain, a critical part of local economies in cities, towns and villages. In response to the pandemic, economic recession and a nationwide reckoning with systemic and racial injustice, cities were forced to act quickly. New policies allowing for carless streets and outdoor dining were implemented with unprecedented speed; leaders engaged in conversations with marginalized community members and business owners to ask directly what supports they needed; and city administrations expedited the shifting of government operations online. These changes in the way cities govern will last far beyond the immediacy of the pandemic. How cities continue to adapt to a new retail environment will determine just how impactful these changes — both positive and negative — will ultimately prove for local businesses and economies.

As cities begin to solidify their visions for the future of retail, gaining clarity on who may be impacted, what tools are available to facilitate meaningful change and what voices need to be at the decision-making table will prove critical. Retail forms the foundation of our local economies, our workforce and main streets across the country. Beyond their necessity, strong local retail economies are often what make cities, towns and villages great places to live, work and play. Cities must be active participants in shaping the future of retail and supporting the small businesses, entrepreneurs and workers that are the beating heart of our economy.

CITIES MUST BE ACTIVE PARTICIPANTS IN SHAPING THE FUTURE OF RETAIL AND SUPPORTING THE SMALL BUSINESSES, ENTREPRENEURS AND WORKERS THAT ARE THE BEATING HEART OF OUR ECONOMY.



APPENDIX

Table I. Sales by Retail Sector in Thousands of Dollars

Sector	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Motor Vehicle and Parts Dealers	75870	65151	55982	61866	67778	73800	79933	84953	91102	94692	97887	99290	102986	104083
Furniture and Home Furnishings Stores	9284	8237	7073	7101	7294	7620	7944	8299	8870	9169	9431	9752	9823	9247
Electronics and Appliances Stores	9188	9069	8172	8310	8495	8626	8730	8742	8657	8254	8224	8372	8100	6876
Building Materials and Garden Equipment and Supplies Dealers	26739	25050	21775	21659	22452	23500	25130	26465	27610	29028	30518	31763	32006	36250
Food and Beverage Stores	45691	47359	47400	48404	50760	52282	53436	55770	57132	58096	60470	62207	63790	70892
Health and Personal Care Stores	19766	20495	21074	21699	22652	22789	23480	24925	26255	27200	27819	28952	29905	30312
Gasoline Stations	37676	41699	32606	37442	44423	46213	45835	44884	36926	35104	38395	41981	41765	35254
Clothing and Clothing Accessories Stores	18466	18081	17064	17755	18993	19897	20401	20861	21309	21559	21724	22368	22234	16446
Sporting Goods, Hobby, Book and Music Stores	6754	6716	6483	6512	6562	6762	6899	6958	7132	7204	7039	6811	6664	6958
General Merchandise Stores	48264	49601	49133	50336	52051	53444	54379	55610	56267	56133	57260	58919	59498	60862
Miscellaneous Stores Retailers	9711	9220	8487	8672	9035	9169	9370	9650	9941	10104	10397	10849	11198	11089
Non-store Retailers	25705	26626	25831	28307	31341	33962	35980	39014	42264	46590	52366	58089	66155	80272

Source: U.S. Census Bureau. (2021). *Advance monthly retail trade report [Data set]*. www.bls.gov/oes/current/naics2_44-45.htm

Table II. Percent Change in Year-Over-Year Quarterly E-Commerce Sales

Year & Quarter	E-Commerce as a Percent of Total Sales	Percent Change in Total Sales From Same Quarter a Year Ago	Percent Change in E-Commerce Sales From Same Quarter a Year Ago
2020 Q4	14.0	6.9	32.1
2020 Q3	14.2	7.0	36.6
2020 Q2	16.1	-3.5	44.5
2020 Q1	11.8	2.1	14.8
2019 Q4	11.3	3.9	16.5
2019 Q3	11.2	3.8	17.3
2019 Q2	10.8	3.2	13.8
2019 Q1	10.5	2.5	11.8
2018 Q4	10.1	2.7	11.0
2018 Q3	9.9	4.6	13.2
2018 Q2	9.8	5.3	14.2
2018 Q1	9.6	4.4	15.5
2017 Q4	9.4	5.4	16.4
2017 Q3	9.1	4.0	14.8
2017 Q2	9.0	3.9	15.6
2017 Q1	8.7	4.8	15.0
2016 Q4	8.5	3.3	14.6
2016 Q3	8.3	2.0	14.5
2016 Q2	8.1	2.0	15.1

Year & Quarter	E-Commerce as a Percent of Total Sales	Percent Change in Total Sales From Same Quarter a Year Ago	Percent Change in E-Commerce Sales From Same Quarter a Year Ago
2016 Q1	7.9	2.5	14.9
2015 Q4	7.6	1.5	14.8
2015 Q3	7.4	1.9	14.1
2015 Q2	7.2	1.7	14.0
2015 Q1	7.0	2.5	15.1
2014 Q4	6.8	4.2	14.5
2014 Q3	6.6	4.6	15.8
2014 Q2	6.4	4.8	15.4
2014 Q1	6.3	2.2	13.8
2013 Q4	6.1	3.1	13.5
2013 Q3	5.9	4.1	13.7
2013 Q2	5.8	4.0	14.2
2013 Q1	5.6	3.7	13.3
2012 Q4	5.6	4.0	14.5
2012 Q3	5.4	4.3	16.6
2012 Q2	5.3	4.3	15.5
2012 Q1	5.2	6.4	17.3
2011 Q4	5.1	6.7	17.9
2011 Q3	4.9	8.0	15.3

Table II. Percent Change in Year-Over-Year Quarterly E-Commerce Sales (continued)

Year & Quarter	E-Commerce as a Percent of Total Sales	Percent Change in Total Sales From Same Quarter a Year Ago	Percent Change in E-Commerce Sales From Same Quarter a Year Ago
2011 Q2	4.8	7.6	18.2
2011 Q1	4.7	7.7	19.7
2010 Q4	4.6	6.8	18.3
2010 Q3	4.6	4.4	16.2
2010 Q2	4.4	6.4	17.1
2010 Q1	4.2	5.0	15.1
2009 Q4	4.1	1.0	15.3
2009 Q3	4.1	-8.6	3.1
2009 Q2	4.0	-11.8	-3.4
2009 Q1	3.8	-11.8	-5.2
2008 Q4	3.6	-10.3	-7.7
2008 Q3	3.6	-0.3	4.2
2008 Q2	3.6	1.6	8.9
2008 Q1	3.6	2.2	13.5
2007 Q4	3.5	4.3	18.7
2007 Q3	3.5	3.0	20.8
2007 Q2	3.4	2.8	22.5
2007 Q1	3.2	2.3	20.1

Source: U.S. Census Bureau. (2021). Quarterly e-commerce report [Data set]. www.bls.gov/oes/current/naics2_44-45.htm

Table III. U.S. Remote Workers’ Preferred Work Arrangement Once Restrictions Are Lifted

	Return to Working in Office	Work Remotely Because Prefer To	Work Remotely Because of COVID-19
May 2020	35%	34%	31%
June 2020	33%	36%	31%
July 2020	28%	37%	35%
August 2020	31%	41%	28%
September 2020	35%	35%	30%
October 2020	37%	40%	24%
November 2020	-	-	-
December 2020	37%	44%	-
January 2021	39%	44%	17%

Note: “-” denotes no data

Source: Saad, L., & Hickman, A. (2021, February 12). Majority of U.S. works continue to punch in virtually. Gallup. news.gallup.com/poll/329501/majority-workers-continue-punch-virtually.aspx

Table IV. Total Retail Job in Thousands

Year	January	February	March	April	May	June	July	August	September	October	November	December
2007	15447.6	15479.3	15547.7	15513.2	15534.5	15513.9	15515.0	15517.1	15523.3	15518.4	15578.9	15577.4
2008	15568.5	15527.5	15534.5	15433.6	15379.2	15342.8	15307.4	15249.0	15178.6	15100.8	14989.4	14876.9
2009	14794.5	14719.4	14650.7	14563.1	14558.3	14541.0	14488.9	14480.5	14450.2	14381.6	14379.4	14334.8
2010	14401.0	14397.1	14446.7	14427.2	14438.6	14442.1	14449.2	14454.3	14478.3	14510.7	14486.0	14474.1
2011	14537.1	14558.2	14589.2	14646.2	14645.8	14681.7	14725.4	14719.4	14743.8	14749.5	14754.8	14747.0
2012	14817.1	14795.3	14826.1	14837.7	14834.4	14817.5	14812.4	14817.4	14853.7	14869.0	14944.7	14913.8
2013	14936.3	14951.4	14949.1	14968.2	15002.0	15048.5	15089.7	15129.5	15162.7	15196.3	15212.3	15287.7
2014	15262.9	15243.7	15248.1	15303.0	15322.9	15351.8	15374.9	15386.2	15418.9	15469.7	15502.9	15510.5
2015	15520.2	15535.1	15547.7	15566.9	15595.9	15618.7	15639.0	15637.7	15642.9	15675.4	15695.0	15699.0
2016	15723.6	15772.1	15811.2	15811.8	15817.8	15846.8	15865.9	15877.3	15883.3	15890.7	15857.2	15882.7
2017	15920.0	15877.9	15862.0	15854.3	15829.8	15835.3	15830.3	15822.8	15814.8	15816.7	15812.3	15806.0
2018	15783.5	15818.1	15832.1	15831.3	15841.9	15803.2	15792.9	15783.7	15741.8	15711.3	15723.0	15705.3
2019	15693.5	15663.7	15641.2	15623.3	15608.4	15598.4	15595.4	15576.1	15584.5	15608.4	15576.0	15619.1
2020	15605.2	15609.8	15483.6	13235.3	13644.1	14502.8	14742.9	14995.8	15025.3	15131.8	15129.7	15159.8
2021	15178.3	15206.3	15228.8									

Source: Saad, L., & Hickman, A. (2021, February 12). *Majority of U.S. works continue to punch in virtually*. Gallup. news.gallup.com/poll/329501/majority-workers-continue-punch-virtually.aspx

Table V. Retail Job Losses in Thousands by Sector
(February 2020 versus February 2021)

Retail Sector	Employment February 2020	Employment February 2021	Percent Year- Over-Year Change from February 2020-2021
Building Materials and Garden Equipment and Supplies Dealers	1293	1395.9	8%
Non-store Retailers	585.3	603.1	3%
Food and Beverage Stores	3074.9	3164.6	3%
General Merchandise Stores	2999.4	3084.3	3%
Gasoline Stations	955.7	936.9	-2%
Health and Personal Care Stores	1033.2	991.2	-4%
Motor Vehicle and Parts Dealers	2043.5	1953.9	-4%
Furniture and Home Furnishings Stores	473.4	438.2	-7%
Miscellaneous Stores Retailers	849.1	785.9	-7%
Electronics and Appliance Stores	469.2	417.3	-11%
Sporting Goods, Hobby, Musical Instrument, and Book Stores	562.5	469.5	-17%
Clothing and Clothing Accessories Stores	1270.6	965.5	-24%

Source: U.S. Bureau of Labor Statistics (2020). *Current employment statistics survey* [Data set].
www.bls.gov/iag/tgs/iag44-45.htm

Table VI. Total Employment, Median Hourly Wage and Median
Annual Wage for Retail Occupations

Occupation	Total Employment	Median Hourly Wage	Median Annual Wage
Retail Salespersons	3,659,670	\$ 13.02	\$ 27,080.00
Cashiers	3,333,100	\$ 12.03	\$ 25,020.00
Driver/Sales Workers and Truck Drivers	3,148,070	\$ 20.40	\$ 42,430.00
Customer Service Representatives	2,833,250	\$ 17.23	\$ 35,830.00
Laborers and Freight, Stock, and Material Movers	2,805,200	\$ 14.96	\$ 31,120.00
Stockers and Order Fillers	2,210,960	\$ 14.03	\$ 29,190.00
First-Line Supervisors of Retail Sales Workers	1,063,110	\$ 19.99	\$ 41,580.00
Receptionists and Information Clerks	968,420	\$ 14.96	\$ 31,110.00
Shipping, Receiving, and Inventory Clerks	727,640	\$ 16.95	\$ 35,260.00
Packers and Packagers	599,270	\$ 13.49	\$ 28,050.00
Counter and Rental Clerks	368,300	\$ 14.84	\$ 30,870.00
Parts Salespersons	253,870	\$ 15.61	\$ 32,460.00
Sales and Related Workers, All Other	153,180	\$ 14.69	\$ 30,550.00
Order Clerks	119,640	\$ 17.11	\$ 35,590.00
Telemarketers	117,610	\$ 13.42	\$ 27,920.00
Door-to-Door Sales Workers, News and Street Vendors, and Related Workers	8,360	\$ 14.29	\$ 29,730.00

Source: U.S. Bureau of Labor Statistics (2020). *May 2020 national industry-specific occupational employment and wage estimates* [Data set]. www.bls.gov/oes/current/naics2_44-45.htm

Table VII. Minimum Wage Preemption in the United States

State	Preemption	State	Preemption	State	Preemption
Alabama	Y	Maine		Oregon	Y
Alaska		Maryland		Pennsylvania	Y
Arizona		Massachusetts		Rhode Island	Y
Arkansas	Y	Michigan	Y	South Carolina	Y
California		Minnesota		South Dakota	
Colorado		Mississippi	Y	Tennessee	Y
Connecticut		Missouri	Y	Texas	Y
Delaware		Montana		Utah	Y
Florida	Y	Nebraska		Vermont	
Georgia	Y	Nevada		Virginia	
Hawaii		New Hampshire		Washington	
Idaho	Y	New Jersey		West Virginia	
Illinois		New Mexico		Wisconsin	Y
Indiana	Y	New York		Wyoming	
Iowa	Y	North Carolina	Y		
Kansas	Y	North Dakota	Y		
Kentucky	Y	Ohio	Y		
Louisiana	Y	Oklahoma	Y		

Source: Economic Policy Institute. (2019). *Worker rights preemption in the U.S.: A map of the campaign to suppress worker rights in the states.* www.epi.org/preemption-map

Table VIII. 2022 and 2029 Occupation Projections

Occupation	Percent Change 2020-2022	Percent Change 2019-2029
Cashiers	5.3%	-7.4%
Counter and Rental Clerks	1.6%	1.1%
Customer Service Representatives	1.9%	-2.0%
Door-to-Door Sales Workers, News and Street Vendors, and Related Workers	4.8%	-20.0%
Driver/Sales Workers and Truck Drivers	1.6%	3.0%
First-Line Supervisors of Retail Sales Workers	2.4%	-5.5%
Laborers and Freight, Stock, and Material Movers	1.0%	4.2%
Order Clerks	3.8%	-11.5%
Packers and Packagers	0.9%	-4.8%
Parts Salespersons	-2.4%	2.0%
Receptionists and Information Clerks	4.7%	3.6%
Retail Salespersons	6.6%	-0.6%
Sales and Related Workers, All Other	1.2%	1.9%
Shipping, Receiving, and Traffic Clerks	5.6%	-8.7%
Stock Clerks and Order Fillers	4.3%	0.7%
Telemarketers	3.4%	-14.2%

Source (2029 Estimates): U.S. Bureau of Labor Statistics. (2020). *Occupational projections* [Data set]. data.bls.gov/projections/occupationProj

Source (2022 Estimates): State Employment Projections. (2020). *Short-term occupational projections (2020-2022)* [Data set]. U.S. Department of Labor. projectionscentral.org/Projections/ShortTerm

Table IX. Occupation by Race/Ethnicity and Gender

a. Occupation by Race/Ethnicity

Occupation	White	Black	Asian	AIAN	NHPI	Latinx
Cashiers	68%	20%	7%	2%	0%	22%
Correspondence Clerks and Order Clerks	71%	14%	8%	1%	0%	19%
Counter and Rental Clerks	75%	14%	6%	2%	0%	20%
Customer Service Representatives	71%	20%	5%	2%	0%	19%
Door-To-Door Sales Workers, News and Street Vendors, and Related Workers	81%	11%	4%	2%	0%	20%
Driver/Sales Workers and Truck Drivers	73%	17%	3%	2%	0%	20%
First-Line Supervisors of Retail Sales Workers	79%	10%	5%	1%	0%	15%
Laborers and Freight, Stock, and Material Movers	68%	21%	3%	2%	0%	22%
Packers and Packagers	54%	24%	1%	2%	0%	39%
Parts Salespersons	87%	7%	0%	1%	0%	16%
Receptionists and Information Clerks	76%	13%	2%	1%	0%	20%
Retail Salespersons	77%	14%	6%	2%	0%	18%
Sales and Related Workers, All Other	83%	10%	0%	2%	0%	11%
Shipping, Receiving, and Inventory Clerks	70%	17%	1%	2%	0%	25%
Stockers and Order Fillers	69%	20%	2%	2%	0%	20%
Telemarketers	67%	26%	0%	3%	0%	16%

Note: Percentages will not add up to 100% because not all racial groups are included in this table; racial groups are non-exclusive of individuals of Hispanic/Latino origin.

Source: U.S. Census Bureau. (2020). 2019 American community survey 1-year public use microdata samples [Data set]. data.census.gov/ndat/#/search?ds=ACSPUMSIY2019

b. Occupation by Gender

Occupation	Female	Male
Cashiers	74%	26%
Correspondence Clerks and Order Clerks	59%	41%
Counter and Rental Clerks	47%	53%
Customer Service Representatives	68%	32%
Door-To-Door Sales Workers, News and Street Vendors, and Related Workers	59%	41%
Driver/Sales Workers and Truck Drivers	8%	92%
First-Line Supervisors of Retail Sales Workers	49%	51%
Laborers and Freight, Stock, and Material Movers	22%	78%
Packers and Packagers	56%	44%
Parts Salespersons	14%	86%
Receptionists and Information Clerks	90%	10%
Retail Salespersons	53%	47%
Sales and Related Workers, All Other	52%	48%
Shipping, Receiving, and Inventory Clerks	34%	66%
Stockers and Order Fillers	37%	63%
Telemarketers	64%	36%

Source: U.S. Census Bureau. (2020). 2019 American community survey 1-year public use microdata samples [Data set]. data.census.gov/ndat/#/search?ds=ACSPUMSIY2019

Table IX. Occupation by Race/Ethnicity and Gender (continued)

c. Occupation by Race/Ethnicity and Gender

Occupation	Whit Male	White Female	Black Male	Black Female	Asian Male	Asian Female	AIAN Male	AIAN Female	NHPI Male	NHPI Female	Latinx Male	Latinx Female
Cashiers	18%	50%	5%	15%	3%	5%	0%	2%	0%	0%	6%	16%
Correspondence Clerks and Order Clerks	27%	43%	6%	8%	4%	4%	0%	1%	0%	0%	8%	11%
Counter and Rental Clerks	40%	35%	8%	6%	4%	3%	1%	2%	0%	0%	12%	8%
Customer Service Representatives	24%	47%	5%	14%	2%	3%	1%	1%	0%	0%	6%	13%
Door-To-Door Sales Workers, News and Street Vendors, and Related Workers	31%	50%	6%	5%	2%	2%	0%	1%	0%	0%	10%	11%
Driver/Sales Workers and Truck Drivers	68%	6%	16%	2%	3%	0%	1%	0%	0%	0%	19%	1%
First-Line Supervisors of Retail Sales Workers	41%	39%	5%	6%	4%	3%	1%	1%	0%	0%	7%	7%
Laborers and Freight, Stock, and Material Movers	53%	15%	17%	5%	3%	1%	2%	0%	0%	0%	17%	5%
Packers and Packagers	24%	30%	12%	12%	3%	3%	1%	1%	0%	0%	13%	26%
Parts Salespersons	75%	12%	6%	1%	2%	0%	1%	0%	0%	0%	14%	2%
Receptionists and Information Clerks	7%	69%	2%	12%	1%	4%	0%	1%	0%	0%	2%	18%
Retail Salespersons	37%	40%	6%	8%	3%	4%	1%	1%	0%	0%	8%	10%
Sales and Related Workers, All Other	40%	42%	4%	6%	2%	3%	1%	1%	0%	0%	5%	6%
Shipping, Receiving, and Inventory Clerks	46%	24%	11%	6%	3%	2%	1%	1%	0%	0%	16%	8%
Stockers and Order Fillers	44%	26%	14%	6%	3%	2%	2%	1%	0%	0%	12%	8%
Telemarketers	26%	41%	9%	18%	2%	1%	1%	3%	0%	0%	7%	9%

Source: U.S. Census Bureau. (2020). 2019 American community survey 1-year public use microdata samples [Data set]. data.census.gov/mdat/#/search?ds=ACSPUMS1Y2019

Table X. Change in Broadband Access 2017-2019

State	2017 Percent Households With Broadband	2019 Percent Households with Broadband	Percent Change
Alabama	70%	76%	6%
Alaska	83%	86%	3%
Arizona	79%	84%	5%
Arkansas	67%	73%	6%
California	83%	87%	4%
Colorado	84%	88%	4%
Connecticut	82%	86%	3%
Delaware	80%	85%	5%
District of Columbia	78%	83%	5%
Florida	79%	83%	4%
Georgia	77%	81%	5%
Hawaii	82%	85%	3%
Idaho	77%	83%	6%
Illinois	78%	83%	4%
Indiana	75%	80%	5%
Iowa	77%	81%	4%
Kansas	77%	82%	4%
Kentucky	73%	78%	6%
Louisiana	70%	75%	5%

State	2017 Percent Households With Broadband	2019 Percent Households with Broadband	Percent Change
Maine	78%	82%	4%
Maryland	83%	86%	4%
Massachusetts	83%	86%	3%
Michigan	76%	82%	5%
Minnesota	81%	85%	4%
Mississippi	64%	72%	7%
Missouri	75%	80%	5%
Montana	76%	81%	5%
Nebraska	78%	83%	5%
Nevada	79%	83%	4%
New Hampshire	85%	88%	3%
New Jersey	82%	86%	3%
New Mexico	70%	75%	5%
New York	79%	83%	4%
North Carolina	76%	81%	5%
North Dakota	78%	81%	3%
Ohio	77%	82%	5%
Oklahoma	73%	79%	6%
Oregon	82%	86%	4%

Table X. Change in Broadband Access 2017-2019 (continued)

State	2017 Percent Households With Broadband	2019 Percent Households with Broadband	Percent Change
Pennsylvania	77%	82%	5%
Puerto Rico	53%	60%	8%
Rhode Island	80%	84%	4%
South Carolina	72%	78%	6%
South Dakota	76%	81%	5%
Tennessee	72%	78%	6%
Texas	77%	82%	5%
Utah	84%	88%	4%
Vermont	79%	82%	3%
Virginia	80%	84%	4%
Washington	84%	88%	4%
West Virginia	70%	76%	6%
Wisconsin	78%	83%	4%
Wyoming	79%	83%	4%

Sources: U.S. Census Bureau. (2018). 2013-2017 American community survey 5-year estimates. www.data.census.gov/cedsci/table?q=broadband&tid=ACSST5Y2017.S2801;
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