**Responding to the COVID-19 Economic Crisis: One City's Story**

By Dean Mack, Economic Development Officer, City of New Haven

As in the rest of the world, the economy in the City of New Haven has been heavily impacted by COVID 19. Quantitative data has proven to be one of our most reliable methods for understanding the development of the COVID 19 crisis and especially its impacts on our businesses. Continued unemployment claims topped out at 10,000 in April 2020, which made up over 15% of our labor force, and remained above 6,000 until July 2021. At least 66 businesses closed permanently, City parking revenues plummeted from over $100,000 per week in February 2020 to below $5,000 per week in April 2020, and downtown pedestrian counts dropped from over 65,000 per week to 11,000 during the same time span. These data points help us review the arch of the economic crisis with an added level of understanding that we did not always have as events were unfolding around us.

As the crisis hit, the City was focused on immediate response in terms of public health, the continuity of government and supporting our economy. Federal assistance programs were being created to replace income or provide temporary or permanent relief from required payments like taxes, mortgage, and loans to businesses. Local economic development activities shifted to crisis response and triage as economic impacts rolled in. In addition to assisting through locally-funded programs, like the New Haven digital marketplace and Eat New Haven marketing program, the City also became a resource center, identifying and understanding Federal and State assistance programs and connecting businesses with applications.

We held a series of webinars with the Health Department, informing salons, restaurants and other businesses of Connecticut public health requirements and walking business owners through the complicated applications for financial assistance, supplementing this information with direct back office support on applications. Our Small Business Resource Center partnered with the Yale Law Clinic to assist with this support and other organizations like the Connecticut Small Business Development Center. Due to incisive interventions and complementary partnerships, the City had some success in stemming the tide of business closures. Over the past eighteen months, the City has actually gained a net 31 businesses.

The City also partnered with HEDCO and the Community Foundation for Greater New Haven (CFGNH) to establish the Partnership Loan Program to provide direct economic support specifically for Minority- and Women-owned businesses in New Haven and the Lower Naugatuck Valley. Data confirmed what we suspected from conversations with businesses, that female, African American and Hispanic New Haveners were experiencing larger spikes in unemployment and were getting less federal financial assistance for their businesses than others. We were able to respond by providing sixteen grants totaling $400,000 and retaining 85 jobs.

**Together New Haven Initiative**

Due to the magnitude of the crisis, partner organizations also had their traditional roles upended so we formed the Together New Haven initiative, with the Chamber of Commerce, regional economic development organizations (REX Development and EDC), workforce organizations (Workforce Alliance and New Haven Works) and local economic development organizations (Town Green and other Special Service Districts and businesses organizations) as well as anchor institutions such as Yale University.

We grew to be a strong partnership for sharing information, understanding our unique and interrelated roles in the crisis, reducing mission overlap and optimizing our efforts. On the positive side, this effort was created in a spirit of comradery, both between our organizations and between businesses. We were empowered to act more swiftly and cohesively in so much as we were able to positively intervene in the crisis. On the negative side, the effort was limited by the lack of information that all of us, government, quasi-public economic development organizations, and private businesses had about the true impacts of the pandemic on individual businesses, the economy at large, and how we could best mitigate impacts.

**Identifying Data Points to Track Economic Impacts**

While early attempts to collect data were remarkably difficult, by August, we were able to produce a monthly economic indicator report and to provide that to our Together New Haven partners. We hoped that data could provide definitive answers to questions such as:

• What industries are being hit the hardest by economic impacts and how badly?

• How many New Haveners are out of work and what industries are they coming from?

• How many people are out and about in the City, potentially spending money in local businesses and providing parking revenue to the City?

• How many fewer are there than prior to the pandemic?

• How much business assistance is flowing into the City?

• How does our overall situation compare with other similar cities in Connecticut such as Stamford, Hartford, Bridgeport and Waterbury and what can we learn from each cities’ response efforts?

The most immediate, although not universal, impact on businesses in the Spring of 2020 was a reduction in revenue, and in some cases a reduction to $0 over many months. Yet the impact of this lost revenue varied greatly among businesses. In many ways, the reduction in revenue highlighted just how unique each business structure and financial model can be. The difficult truth about the differences in impacts to businesses was that our lack of information made it hard to figure out how best to help our businesses and our residents. The other crisis that was created by the shutdown was unemployment. At first there was little we could do again to assist people seeking jobs, but as businesses slowly began opening again in the Summer of 2020, we started working on identifying who was hiring and trying to connect workforce organizations with businesses who might be able to offer much needed employment opportunities.

**Applying Data to COVID-19 Economic Response**

News media, other economic development organizations, public health officials and society at large were already talking a lot more about data at this time than we’d normally see, yet it was mostly with an eye towards understanding the depth and breadth of the public health crisis specifically, rather than the economic crisis that resulted from the uncontrolled spread of infectious disease and our response. Still some data was being tracked regularly and reported on, and this is where we started for our indicators report. The data that anchored the reports initially were unemployment data from the CT Department of Labor and PPP loan data. We were able to supplement this widely available data with information about pedestrian traffic and public parking in the city to track activity and revenues, both real (for the City) and potential (for businesses).

Our Together New Haven Economic Indicators report was presented to the regular monthly Together New Haven Zoom calls with our partner organizations. After the first month we realized that our partners appreciated the perspective given by evaluating all of these disparate indicators in one place and at one time. While most of us apprised ourselves of daily updates on executive orders, Federal Aid deadlines and articles about impacted industries and supply chains, the everchanging nature of the crisis made it difficult to track trends in the moment. The monthly updating of regular data points helped provide structure to our view of the unfolding crisis and locate ourselves within its timeline. As of October 2021, we continue to hold regular Together New Haven Zoom calls to discuss a variety of issues related to COVID-19 and the business community.

**Initial and Continuing Unemployment Claims**

One of our most important and closely followed economic indicators, unemployment claims served as a proxy for the overall health of the economy and an indicator of the financial difficulty being faced by New Haveners. At first, we monitored the severe spike in unemployment claims in April of 2020 and in the months since have monitored the rate of claim reduction over time, comparing New Haven’s data with other large cities in Connecticut, the state at large and the nation.

Tracking unemployment claims allowed the City and our partners to keep a pulse on general economic activity and identify upcoming issues that our residents and businesses might be facing in the near future. Comparing our unemployment rates with those of other large cities allowed us to evaluate our situation as we could compare the ways that unfolding events during the crisis were impacting other places. Variations in our unemployment rates acted as identifiers pointing us to look more closely at our own economy and to develop a better understanding of the nature of our crisis in New Haven as it differed from our neighboring communities.

**Unemployment by Industry**

This was the primary indicator for understanding which industries were struggling the most during the crisis. We generally understood higher rates of unemployment claims within an industry to indicate an inability for those industries to remain open, temporarily at first and, with time, permanently. This helped us to target our business outreach throughout the pandemic. While we were only able to look at statewide data, much of the economic pressures during the pandemic were not local and were often industry specific. For example, many health regulations that limited or temporarily ceased business from being conducted were specific to industries with high potential rates of exposure and disease transmission that were not considered essential for the basic functioning of the economy and for the survival and physical health of residents. Even when businesses were allowed to re-open, we were able to identify trends such as the heavy toll taken on our restaurants. This drove our focus on assisting that industry by closing streets and allowing over 50 restaurants to create outdoor seating, as well as increasing general outreach to these businesses.

Businesses in other industries like transportation and warehousing, construction, manufacturing, and healthcare were mostly considered essential, but still experienced large fluctuations in unemployment claims at various times. Tracking this data prompted a focus on initiatives like the revival of a construction industry certification and training program when we recognized both continued large numbers of housing permits and increasing unemployment in the construction industry. As a result, we were able to connect every member of the first cohort of five with construction apprenticeships.

**Pedestrian Traffic and Parking Revenue**

We considered unemployment statistics to be supply side indicators – not in the labor economic sense - in terms of providing services to the public, but we also wanted to identify demand side indicators that could help us track consumer activity on a local level. The full lockdown of businesses in New Haven lasted only a few months. Yet once businesses were allowed to reopen with restrictions and continued community spread of COVID-19 still present, it was unknown how many people would actually return to patronizing shops in person.

While we couldn’t measure this directly, we utilized Springboard’s pedestrian counting information provided to us by our Together New Haven partner, Town Green Special Services District, and our smart parking data from the Transportation, Traffic and Parking Department. This data helped us identify disparate rates of increase between the two indicators, recognize when fluctuations were in line with seasonal trends and when they might be COVID-driven and helped us time outreach to businesses as more customers began returning to the streets.

**Conclusion**

While many of the efforts we undertook were in direct response to the COVID-19 crisis, the redoubling of our efforts to centralize and track indicators for this specific purpose has also prepared us for a post-COVID future. Our department has developed a greater appreciation for the potential of consistent data tracking to drive our decisions and clarify trends that can be difficult to see when data collection is narrowly focused on individual projects or initiatives. We saw firsthand that project outcomes could be enhanced when we allowed ourselves to be led by data. Various initiatives have been prompted by, guided by, or refined by the trends that we have been able to decipher during the last 18 months. By regularly reviewing this data with our partners, we were also able to ensure that we all had a similar view of the economic situation in New Haven. Through these efforts, an overall focus on collecting, interpreting, and applying data to our policy analysis has been renewed and will continue to assist our decision making and impact evaluation as we recover from this challenging economic period. These tools will serve us well in what we believe will be a prosperous future for New Haven and our state. n