



## **Leveraging Data for Economic Resiliency**

*A COVID-19 Economic Response Strategy and Request for Information*

**OPEN DATE: April 21**

Responses accepted on a rolling basis – please submit ASAP for consideration

**Executive Summary.** The last two months have demonstrated how data and analytics can affect public policy and save lives. We believe that data and analytics are just as capable of saving distressed local economies – if we have the right data and the right analytical framework.

At Opportunity Alabama, we believe that private capital – grants, loans, and equity investments – will be most likely to flow to distressed places if we can show that they have the potential to recover. That’s why we’re teaming up with Sorenson Impact Center, the Opportunity Exchange, and our advisory group (listed below) to help communities and businesses determine the best (and most equitable) path to becoming “investable” again.

To map the pathway to recovery, we will work with our partners and a cohort of Alabama’s Appalachian and Black Belt communities – rural and urban – to develop three interrelated toolkits:

- (1) *For Communities* - A **COVID economic impact assessment tool** demonstrating which sectors of the economy are most likely to return and in what order. We aim to use national trends and hyper-localized data to help local leaders prioritize allocation of scarce resources (e.g., how do we prioritize investing dollars in downtown revitalization vs. broadband vs. new workforce training).
- (2) *For Businesses* – A **demand diagnostic tool** to help entrepreneurs and developers determine, “back of the envelope,” whether their business concept (be it broadband, hospitality, childcare or workforce housing) will work at certain price points in the current economic environment, based off data on how comparable businesses are performing.
- (3) *For Both* - A substantial dataset comprised of unique, low latency data points procured from national sources and a local surveying tool we are building, which feeds the models described in (1) and (2).

These toolkits – and our hands-on work with the Alabama cohort – will help our communities create a “Recovery Prospectus” designed to demonstrate why both the community and its businesses are still investable in the face of economic uncertainty.

**We are issuing this RFI because we need additional partners who can: (1) add more data to our inventory (see pp. 4-5), (2) help model demand by asset class (see p. 4), (3) create data-driven solutions around expediting the economic recovery process (see pp. 2-5), and (4) fund whatever shortfalls we cannot cover from existing resources (see p. 6).**

If you want to help with an item listed above, please email [alex@opportunityalabama.com](mailto:alex@opportunityalabama.com).



## **Leveraging Data for Economic Resiliency**

### *A COVID-19 Economic Response Strategy and Request for Information*

**The Premise.** COVID-19 is already taking a worrisome toll on the Alabama economy. We can already predict that the toll will not spread evenly across the state. As the [Economic Innovation Group](#) warned in late March, our most vulnerable communities have the potential to be hardest hit by the economic fallout from COVID-19 induced shutdowns.

At [Opportunity Alabama](#), we fear that there will be *far too many* distressed places across this state in the coming months, and that without access to capital, those distressed places might suffer irreversible damage. One of the biggest barriers that prevents distressed places (and businesses located in those places) from accessing capital is information asymmetry. If we can strategically identify the right combination of macroeconomic trends, localized demographics, and growth industries, then apply those analytics to a handful of business cases – we can prove to our investor base that distressed places across Alabama are still investable, and preserve jobs as a result.

Our primary goal is to reduce the information asymmetry that typically keeps people with capital from wanting to invest in distressed places in an economic downturn.

Equally important, however, is ensuring that our policy intervention – getting capital into businesses and real estate – actually helps alleviate distress for vulnerable segments of community. We plan to track (over time) the “inclusivity” of any recovery that occurs, and leverage that data to facilitate other policy interventions (beyond pure access to capital) if our primary intervention does not alleviate distress for our most vulnerable.

Historically, Opportunity Alabama has focused exclusively on economic resiliency work in Opportunity Zones. Given the magnitude of the current crisis – and thanks to the incredible partners we have working with us on this RFI – we have decided to expand our scope to include OZ and non-OZ communities in distress, with a focus on driving capital where it is needed most.

**The Program.** During May, Opportunity Alabama will begin work with a cohort of 6-10 counties in Appalachian Alabama and the Black Belt to develop a “Recovery Accelerator” curriculum – one that focuses on helping communities build economic resiliency strategies, “save” investable businesses, and generate new business activity. This curriculum will culminate in the creation of a “Recovery Prospectus,” a series of strategy documents, investment opportunities, and marketing materials for each community.

These “Recovery Prospectuses” will need to contain compelling justification in order to mobilize capital inflows in the face of a recession. That justification takes the form of three interrelated tools – one that helps communities understand how the recovery could take shape (and how to make it equitable when it does), one that helps assess which business concepts are most likely to succeed in that recovery, and one that feeds national and hyper-localized data into the other two tools.

**Tool 1: Community-Level Recovery Mapping.** To understand how to steer our response strategy – and whether that response strategy is equitable or effective – we need to understand which local sectors could recover (with the right interventions), and whether that recovery will

leave certain segments of the community behind. Building on work from groups like [Chmura](#), [MasterCard's Center for Inclusive Growth](#), and [EIG](#), we need to get a better grasp on how to *drive inclusive economic recovery* over the next few years – not just how to “reopen” over the next few months.

To build this tool, we intend to take a number of independent variables (listed below) and assess how the interplay between those could impact the “semi-dependent” variables we are using to assess the potential recovery process. We intend to distill this analytical process into a flexible, community-specific “economic resiliency assessment” that acts as a guide for local leaders. We are not trying to build a perfect, universally-applicable predictive model or a flashy display tool. Rather, we plan to leverage data and analytics to help policymakers *on a community-specific basis* make informed decisions about how to prioritize scarce resources to fuel a recovery. However, we believe that, once we have piloted this process with our initial cohort, we can build a more scalable model that can be refined through a second community cohort, digitized through the Opportunity Exchange, and, ultimately, scaled nationally.

We have already identified the following variables, which we are attempting to standardize in a single data set for the entire state of Alabama. **If you have data points that could be relevant for any of the categories below, or if you have thoughts on how to bring the analytics process to life, please respond to this RFI using the format on p.6.**

#### *Independent Control Variables*

- (1) Impact of pre-existing demographic conditions (average age, available workforce, education level, household structures, etc.);
- (2) Impact of pre-existing financial and economic conditions (county-level GDP, average number of new business starts, data from the NY Fed on community credit levels, etc.);
- (3) Location and existing assets (distance to nearest MSA, airport/interstate access, water/rail access, industrial site locations, etc.);
- (4) Sectors of economy (NAICS or otherwise) most likely to be impacted nationally and statewide, and whether those sectors should vary locally given variables above (e.g., retail-based businesses in a high traffic count area with a younger labor force vs. a low-traffic count area with an older labor force);
- (5) Typical mobility patterns within an area (traffic counts, mobile phone movement data, etc.);
- (6) Existing land use patterns;
- (7) Business demographic profiles most likely to be impacted nationally and statewide, and the proportionate share of those profiles in a given community (e.g., minority-owned, sole proprietors, under 50 employees, etc.);
- (8) Real-time data indicating broad economic distress (e.g., weekly unemployment claims); and
- (9) Localized determinants (as necessary, while our research process evolves – see “*Localized Data Collection*” below for more).

#### *Semi-Dependent Variables*

- (10) Sectors of the local economy most likely to bounce back the fastest, and the proportionate share of those sectors present in a community;
- (11) Local Workforce conditions (both pre-existing and related to impact of variables above);
- (12) Business demographic profiles most likely to be impacted locally (e.g., minority-owned, sole proprietors, under 50 employees, etc.); and

- (13) Basic data that affect business underwriting in economic development and real estate (cap rates, vacancy, rent reduction, and more) that will drive investment decisions and may or may not be resilient in the face of COVID.

**Tool 2: Business-Level Growth Potential.** For over a year, we have been collecting demand studies, market assessments, and other “forecasts” for certain developments (like hotels or workforce housing projects) and businesses (like small manufacturers or healthcare delivery platforms). We believe that, for certain asset classes (like those listed below), we can “reverse engineer” those demand studies to give us rough “determinants of demand” by asset class. Using the presence (or absence) of those determinants in a particular location as a guidepost, we can perform a back-of-the-envelope assessment of whether a particular investment opportunity in a particular community at a particular price point *might* work.

As above, we are not looking for a perfect, predictive model. In fact, we are looking for the opposite. A predictive model would rely on prior data to say that a food desert could never support a grocery store because it has never supported a grocery store before. What we want is to identify a handful of unique data points (from the set collect in Tool 1 above or collected through community engagement in Tool 3 below) that *might* indicate one *could* work.

The idea behind this Tool is simple: people with money will not put it on the line for a business in a distressed place in the middle of a recession unless they think it will provide a return. This tool will let us sort through dozens of businesses (and ideas for new ones) that need capital, as submitted by each community in the cohort, to determine which are the best candidates for investment. We’ll then build the Recovery Prospectus around these businesses to ensure that capital continues to flow (and creates new jobs in the process).

The following is a representative list of the kinds of asset classes for which we’d like to perform this “reverse engineering” / “demand determinant” analysis. It is not inclusive – in fact, thanks to some of the national and statewide trends around COVID-19 growth industries, we may ultimately add several more to this list. **If you have sample demand studies for these asset classes, interesting data that could point to future success within these asset classes, ideas about how to “reverse engineer” these demand analyses, or ideas about additional asset classes to include, please respond to this RFI using the format on p.6.**

#### *Asset Classes Under Consideration*

- Housing (inclusive of multiple unit types)
- Grocery / Convenience
- Food and Beverage
- Other Retail (potentially)
- Hotel / Hospitality
- Business Incubation / Acceleration
- Broadband Delivery
- Healthcare Delivery
- Childcare Delivery
- Senior Care Delivery
- Warehousing and Distribution
- Agriculture / Supply Chain
- Small Manufacturing (various asset classes)

**Tool 3: The National and Local Dataset.** The only way the analytical processes in Tool 1 and Tool 2 will work is if they contain the best, most up-to-date information. That means we need a big, powerful dataset covering all the potentially relevant variables – beyond those readily available through the Census Bureau or similar sources.

We have two strategies for building this one-of-a-kind dataset. The first is through partnerships with data providers who are willing to give us access to unique, up-to-date datasets that might help us build stronger analytics into Tools 1 or 2. We are more than willing to work with you to ensure that Tools 1 and 2 comply with whatever terms and conditions you would like to impose on use of the data you provide – e.g., we will never share raw data unless you specifically allow it. **If you have access to national or Alabama-specific datasets that could be relevant to Tools 1 or 2, please respond to this RFI using the format on p.6.**

To supplement these datasets, we intend to collect hyper-local, community/user-generated data to fill gaps and signal trends. The Opportunity Exchange has developed a customizable local surveying tool that will be integrated into our Recovery Prospectuses and can be used to collect this hyper-local data. In addition, we worked with the Governor’s Office to build and launch [#ALtogether](#), a statewide COVID-19 response platform for those in need (from businesses to people) to find help, and a gateway for those who want to help to lend a hand. In less than two days, we have already collected thousands of new data points about how people, businesses, nonprofits and communities have been impacted by COVID-19, and have the ability to do additional targeted outreach to these groups in the weeks ahead.

The question becomes how to leverage the tools at our disposal to collect the most relevant information to feed Tools 1 and 2. **We need your help maximizing the power of this local data infrastructure. If you have answers to any of the following questions, please respond to this RFI using the format on p.6 below:**

- What questions (like price points) are the most critical to the analysis in Tools 1 and 2 above that we are the least likely to be able to capture from standardized datasets?
- How should we design and frame our survey questions to help capture missing information from Tools 1 and 2 above?
- What hyper-localized data exists in other formats – cell phone usage, Google searches, etc. – that we could import into our data infrastructure?
- How should we geo-fence the data described above to answer our questions?
- How can we best leverage our statewide infrastructure (from the Governor’s Office to our network of local chambers of commerce and nonprofit organizations) to capture as much information as we need to draw accurate conclusions?
- What questions about localized data are we not asking that we should be?

**General Call for Ideas.** Our overarching goals with this RFI are threefold: (1) getting investors to commit to putting private capital at risk in Alabama communities, (2) measuring the benefit of those investments on vulnerable populations, and (3) coming up with creative, data-driven solutions to help local economies recover (not just restart). If you’re reading this, you care deeply about community and economic vitality, and we suspect you have your own unique ideas about how we can leverage data to accomplish these goals. Examples include:

- Time series analytics overlaid with COVID risk information to predict which sectors are most likely to recover or should reopen the fastest;
- Using data to identify potential investors interested in general geographic areas or particular market segments;



- Integrating data into local business models to strengthen them;
- And any other thoughts you might generate based on reading the above.

**If you have any additional thoughts on creative solutions for how we can leverage data to facilitate the recovery process, respond to this RFI using the format on p.6 below.**

**Who We Are.** Opportunity Alabama (OPAL) is a nonprofit initiative dedicated to connecting investors with investable assets in Alabama’s distressed communities. OPAL has a long commitment to leveraging data for economic resiliency work. Last summer, we convened dozens of representatives from across the Opportunity Zone landscape with foundations, community developers, and local leaders in Birmingham to help solve the puzzle of how to measure the impact of OZ investment. Most of the partners you’ll see below were active participants.

**Project Team.** There are three core organizations responsible for executing this initiative:

- (1) Opportunity Alabama (see above)
- (2) Sorenson Impact Center (data sourcing, validation and analysis)
- (3) The Opportunity Exchange (technical infrastructure and survey tool provider)

We have also formed an Advisory Council to assist the project team in executing the vision in this RFI. Members currently include groups like the MasterCard Center for Inclusive Growth, Blueprint Local, The New Localism, the Public Affairs Research Council of Alabama, the Economic Innovation Group, Accelerator for America, and others. We also are working closely on COVID-19 response with a number of statewide networks we plan to use to build programming for the cohort and facilitate survey deployment (like the United Way and the Business Council of Alabama).

The Appalachian Regional Commission and Delta Regional Authority are providing some seed funding for this initiative. However, as you will see below, we are still seeking additional funding partners to accelerate the development and deployment of this project.

**Who We Want.** We are leveraging this RFI to attract four distinct groups:

- (1) *Data Analytics:* one or more data analytics partners to work with Sorenson to create and deliver the toolkits discussed above.
- (2) *Demand Assessment:* professional firms or others who have deep knowledge of forecasting demand in one or more of our target recovery growth sectors and can help us do some “reverse engineering.”
- (3) *Additional Data:* we would encourage any organization with a unique data set that could inform the work above to reach out.
- (4) *Funding Infrastructure:* While we have some limited existing funding to cover OPAL’s engagement, we may need considerably more to bring on additional partners. If you are interested in funding transformational work that can easily be replicated nationally, please let us know.

**How to Respond.** We welcome the opportunity to schedule a time to discuss your potential contributions to this RFI. If you would like to speak with the RFI team, please send a note to [alex@opportunityalabama.com](mailto:alex@opportunityalabama.com) with the subject line “RFI Response Discussion” and your initial thoughts around collaboration. Once we have determined the potential scope of our

collaboration, we would invite you to submit a formal response by providing the information below to OPAL via PDF email attachment.

Given the urgency of the current crisis, we will be reviewing RFI submissions and accepting new partners **on a rolling basis**. If you would like to be included in the first cohort, **we need to finalize your participation by the end of April**.

### ***RFI Submission Requirements***

- Discussion of your vision for how we can best accomplish the goals of this RFI and why you believe your team is capable of helping us get there (along with any thoughts about methodological course corrections to the RFI itself) (2-5 pages)
  - Please include a description of your team and its capacity – how would you initially staff this project to accomplish the vision laid out above, and what resources (data, tools, analytical frameworks, licenses, etc.) can you bring to the table to help us achieve it?
  - Please include any team bios, slide decks on organizational accomplishments, or other relevant information as appendices to your submission, not within the narrative.
  - Please include a listing of relevant experience with similar projects, either as an appendix or described in the main narrative.
- Initial thoughts on how you would resource your participation in this initiative.
  - We have a limited pool of grant capital available to pay service providers. We will prioritize partners that can bring their own resources to the table, or clearly demonstrate how they are providing a significant discount on typical service.
- Contact information - name, company, address, phone number, and other relevant information.