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## **Smarter, Targeted Tax Breaks That Could Help Resuscitate Central Cities.**

**Office workers' exodus should be countered with wiser state and federal tax incentives, and there's a novel municipal bond angle to promote. But cities themselves must step up to stem the urban maladies that feed public fears.**

Almost every day we read news reports of the demise of center-city downtowns. San Francisco has become the go-to target for critics who assail its street crime, homelessness, office vacancies, office workers' outmigration and retail business closures. But it's not just there: Commercial property loan defaults are rising rapidly in many cities. The COVID-19 pandemic and technology's enabling of work-from-home set the stage of decline for dozens of downtowns, and this year's viral videos of brazen retail theft gangs just confirmed public perceptions of growing urban dystopia. As with Humpy Dumpty, the question now is whether state and local politicians are capable of putting the pieces back together again.

We've all watched the fatuous federal efforts to support urban revitalization with "opportunity zones" that offer tax incentives for new businesses and real estate development in targeted census tracts. Critics have shown that those tax breaks have enriched the wealthy far more than they have helped local residents, and clearly they have not saved the cities where the problem now is an oversupply of vacant urban buildings. Various states have tried their own ways to promote redevelopment with special taxing districts and similar provisions, but too often those incentives rob Peter to pay Paul by depriving schools and counties of tax revenues that fund local infrastructure. None of these programs are sufficiently targeted to counter the magnitude of today's deteriorating downtown office and retail centers.

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